

**CIRCULAR DATED 10 FEBRUARY 2020**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in doubt about the contents of this Circular or the action you should take, you should consult your stockbroker, bank manager, accountant, tax advisor, solicitor or other professional advisor immediately.**

If you have sold or transferred all your ordinary shares in the capital of Duty Free International Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as CDP will arrange for a separate Circular, the Notice of the Extraordinary General Meeting and the attached proxy form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular, the Notice of the Extraordinary General Meeting and the attached proxy form to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer of Shares was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for any of the statements made, opinions expressed or reports contained in this Circular.



**DUTY FREE INTERNATIONAL LIMITED**

(Company Registration No. 200102393E)  
(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION**

**IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	2 March 2020 at 11.00 a.m.
Date and time of Extraordinary General Meeting	:	5 March 2020 at 11.00 a.m.
Place of Extraordinary General Meeting	:	Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031

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## DEFINITIONS

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- “ACRA”* : The Accounting and Corporate Regulatory of Singapore
- “Board”* : The board of Directors of the Company for the time being
- “Books Closure Date”* : A date to be determined by the Board and announced by the Company on which the Transfer Books and the Register of Members will be closed for the purpose of determining the entitlements of Entitled Shareholders in connection with the Cash Distribution
- “Capital Reduction”* : The proposed capital reduction exercise to be carried out by the Company pursuant to Sections 78A and 78C of the Companies Act as well as Regulation 55 of the Constitution for the purpose of effecting the Cash Distribution
- “Cash Distribution”* : The proposed cash distribution by the Company to the Shareholders of S\$0.035 in cash for each Share as at the Books Closure Date pursuant to the Capital Reduction, amounting to an aggregate cash distribution of approximately S\$41,936,968.26
- “CDP”* : The Central Depository (Pte) Limited
- “Circular”* : This circular to Shareholders dated 10 February 2020
- “Company”* : Duty Free International Limited
- “Companies Act”* : The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
- “Constitution”* : The constitution of the Company, as may be amended, modified or supplemented from time to time
- “Control”* : The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
- “Controlling Shareholder”* : A person (including a corporation) who:
- (a) holds, directly or indirectly, 15% or more of the total issued voting share capital of the Company; or
  - (b) in fact exercises Control over the Company
- “Directors”* : The directors of the Company as at the date of this Circular
- “Effective Date”* : The date on which the Capital Reduction becomes effective
- “EGM”* : Extraordinary General Meeting
- “Entitled Shareholders”* : Persons registered in the Register of Members and Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date
- “EPS”* : Earnings per Share

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## DEFINITIONS

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<i>“Expected Payment Date”</i>	:	The payment date for Shareholders’ entitlement to Cash Distribution under the Capital Reduction, to be announced by the Company in due course
<i>“FY”</i>	:	Financial year ended or ending 28 or 29 February (as the case may be)
<i>“Group”</i>	:	The Company and its subsidiaries as at the date of this Circular
<i>“Last Dealt Price”</i>	:	In relation to a Share on a relevant Market Day, the last dealt price per Share for one or more board lots of Shares on that Market Day on which there is trading of the Shares on the SGX-ST
<i>“Latest Practicable Date”</i>	:	3 February 2020, being the latest practicable date prior to the printing of this Circular
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST, as amended or modified from time to time
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“NAV”</i>	:	Net assets value
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
<i>“SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share(s)”</i>	:	Ordinary share(s) in the share capital of the Company
<i>“Shareholders”</i>	:	The registered holders of the Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
<i>“Solvency Statement”</i>	:	Has the meaning ascribed to it in Section 2.3 of this Circular
<i>“Substantial Shareholder”</i>	:	A person (including a corporation) who holds, directly or indirectly, 5% or more of the total issued voting share capital of the Company
<i>“Transfer Books”</i>	:	The share transfer books of the Company
<b>Currencies, Units and Others</b>		
<i>“S\$” and “cents”</i>	:	Singapore dollar and cents respectively, the lawful currency of Singapore
<i>“RM” or “RM sen”</i>	:	Malaysian Ringgit, the lawful currency of Malaysia
<i>“%” or “per cent”</i>	:	Per centum or percentage

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## DEFINITIONS

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The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them, respectively, in Section 81SF of the SFA. The term “**subsidiary**” shall have the same meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time of day and to dates in this Circular is made by reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in figures included in this Circular between the amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

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## LETTER TO SHAREHOLDERS

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### DUTY FREE INTERNATIONAL LIMITED

(Company Registration Number: 200102393E)  
(Incorporated in the Republic of Singapore)

#### Board of Directors

Dato' Sri Adam Sani bin Abdullah (*Non-Executive Chairman*)  
Ong Bok Siong (*Managing Director*)  
Lee Sze Siang (*Executive Director*)  
General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired)  
(*Lead Independent Director*)  
Dato' Megat Hisham bin Megat Mahmud (*Independent Director*)  
Chew Soo Lin (*Independent Director*)

#### Registered Office

138 Cecil Street  
#12-01A Cecil Court  
Singapore 069538

10 February 2020

To: The Shareholders of Duty Free International Limited

Dear Sir/Madam

#### PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

##### 1. INTRODUCTION

- 1.1 On 28 November 2019, the Company made an announcement in relation to the proposed Capital Reduction and Cash Distribution, details of which are set out in Section 2 of this Circular. The Directors are convening the EGM to seek the approval of the Shareholders for the proposed Capital Reduction and Cash Distribution.
- 1.2 The purpose of this Circular is to provide the Shareholders with relevant information relating to and to seek the Shareholders' approval for the proposed Capital Reduction and Cash Distribution at the forthcoming EGM.

##### 2. PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

###### 2.1 Introduction

The Company is proposing to undertake the Capital Reduction to return to Shareholders surplus capital in excess of its needs by way of the Cash Distribution pursuant to Section 78A read with Section 78C of the Companies Act.

Section 78C of the Companies Act requires that a public company proposing to undertake a capital reduction exercise should, *inter alia*, obtain the approval of its shareholders at a general meeting by way of a special resolution to be tabled at such general meeting.

The purpose of the Capital Reduction is to return to the Shareholders surplus capital of the Company in excess of its needs by way of the Cash Distribution of S\$0.035 for each Share held by the Shareholders.

The Company will make the Cash Distribution of S\$0.035 per Share, which will amount to the aggregate sum of approximately S\$41,936,968.26, based on the issued and paid-up share capital of the Company of approximately S\$410,216,198.44 comprising 1,198,199,093 Shares (which excludes 30,999,300 treasury shares) as at the Latest Practicable Date, subject to the conditions in Section 2.6 below having been satisfied.

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## LETTER TO SHAREHOLDERS

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The actual amount to be returned to Shareholders will be based on the issued and paid-up share capital of the Company as at the Books Closure Date. The aggregate amount to be paid to Shareholders will be adjusted by rounding down fractions of a cent to the nearest cent, where applicable.

**The Capital Reduction and Cash Distribution will not result in a cancellation of Shares, or a change in the number of Shares issued by the Company immediately after the Capital Reduction and Cash Distribution.**

### 2.2 Rationale for the Capital Reduction and Cash Distribution

The Directors are of the view that the Capital Reduction is in the best interests of the Company as the amount under the Cash Distribution comprises the paid-up capital in excess of the immediate requirements of the Company. If effected, the Capital Reduction and Cash Distribution would result in the Company having a more efficient capital structure, thereby improving Shareholders' return on equity. In determining the level of capital to be returned to Shareholders, the Company has ensured that it retains sufficient capital for business and operational needs.

The Directors have recommended the Capital Reduction to return cash in excess of its immediate requirements to the Shareholders whilst maintaining sufficient flexibility to position itself to take advantage of any business opportunity that may arise in the future and to cater for the Group's growth needs.

### 2.3 Solvency Statement

In determining the Cash Distribution, the Directors have ensured that the Company has retained sufficient capital to support its existing operations and pay its debts, if any. Pursuant to this and in compliance with Section 78C of the Companies Act, the Directors will each make a solvency statement (the "**Solvency Statement**") confirming that:

- (a) as regards the Company's situation at the date of the Solvency Statement, there is no ground on which the Company could be found to be unable to pay its debts;
- (b) the Company will be able to pay its debts as and when they fall due during the period of 12 months immediately following the date of the Solvency Statement; and
- (c) the value of the Company's asset is not less than the value of its liabilities (including contingent liabilities) and will not, after the Capital Reduction become less than value of its liabilities (including contingent liabilities).

Copies of the Solvency Statements will be available for inspection at the EGM, as well as at the registered office of the Company for a period of six (6) weeks beginning with the date of the EGM.

### 2.4 Details of the Capital Reduction and Cash Distribution

The Capital Reduction and Cash Distribution will be effected in the following manner:

- (a) reducing the issued and paid-up share capital of the Company by S\$0.035 per Share which will amount to the aggregate sum of approximately S\$41,936,968.26 from S\$410,216,198.44 (as at the Latest Practicable Date) to S\$368,279,230.18; and
- (b) the Cash Distribution of S\$0.035 per Share to Shareholders which will amount to the aggregate sum of approximately S\$41,936,968.26, based on the issued and paid-up share capital of the Company of approximately S\$410,216,198.44 comprising 1,198,199,093 Shares (which excludes 30,999,300 treasury shares) as at the Latest Practicable Date, will be paid out to the Shareholders.

The Cash Distribution amount of S\$0.035 per Share comprises the issued and paid-up capital in excess of the immediate requirements of the Company.

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## LETTER TO SHAREHOLDERS

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As at the Latest Practicable Date, the Company has an issued and paid-up share capital of approximately S\$410,216,198.44. Upon completion of the Capital Reduction, the Company will have an issued and paid-up share capital of S\$368,279,230.18.

### 2.5 Illustration

The following illustrates the position of a Shareholder who holds 100 fully paid-up Shares as at the Books Closure Date:

	<b>Shareholder</b>
<b><u>Position before the Capital Reduction</u></b>	
Number of Shares currently held	100
<b><u>Position after the Capital Reduction</u></b>	
Amount of cash received further to the Cash Distribution	S\$3.50
Number of Shares held after the Cash Distribution	100

In summary, Shareholders will receive S\$3.50 in cash for every 100 Shares held as at the Books Closure Date. Shareholders holding odd lots of Shares (i.e. lots other than board lots of 100 Shares) will receive S\$0.035 in cash for each Share held by them or on their behalf as at the Books Closure Date. The aggregate amount of cash to be paid to each Shareholder pursuant to the proposed Capital Reduction be adjusted by rounding down fractions of a cent to the nearest cent, where applicable. The shareholding of each Shareholder in the Company shall remain unchanged immediately after the Capital Reduction and Cash Distribution.

### 2.6 Conditions of the Capital Reduction and Cash Distribution

The Capital Reduction and Cash Distribution are subject to, *inter alia*, the following conditions:

- (a) the clearance of this Circular on the Capital Reduction by SGX-ST;
- (b) Shareholders' approval by way of a special resolution of the Capital Reduction at the EGM, to be approved by a majority of not less than three-fourths of the Shareholders present and voting at the EGM, of which not less than 21 clear days' notice of the EGM shall have been given;
- (c) the Directors making the Solvency Statement in relation to the Capital Reduction and compliance with other relevant solvency requirements as required by the Companies Act;
- (d) the Company complying with the relevant publicity requirements as prescribed in the Companies Act;
- (e) lodgement with ACRA of copies of the Solvency Statements and the Capital Reduction resolution, within 15 days beginning with the date of the Capital Reduction resolution;
- (f) no application being made for the cancellation of the Capital Reduction resolution by any creditor of the Company within the timeframe prescribed in the Companies Act, or if such application was made, the dismissal thereof by the judicial authorities; and
- (g) lodgement of the relevant documents with ACRA after the end of the six (6) weeks (but before the end of eight (8) weeks) beginning with the date of the Capital Reduction resolution.



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## LETTER TO SHAREHOLDERS

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### 2.7 Effective Date of Capital Reduction

As set out in Section 2.6 above, the Capital Reduction is subject to the satisfaction or, *inter alia*, the conditions set out therein.

After Shareholders' approval has been obtained for the Capital Reduction at the EGM, the Company will lodge with ACRA, amongst others, a notice containing the text of the Capital Reduction resolution. If no creditor of the Company objects to, and applies to the High Court of Singapore for the cancellation of the Capital Reduction resolution, the Company will lodge further requisite documents with ACRA as provided under Section 78E(2) of the Companies Act after the end of six (6) weeks, and before the end of eight (8) weeks, beginning with the date of the Capital Reduction resolution upon which the Capital Reduction will take effect.

If, however, a creditor objects to, and makes an application to the High Court of Singapore for the cancellation of, the Capital Reduction resolution, within the prescribed time periods, the Capital Reduction will only take effect if the High Court of Singapore dismisses the creditor's application.

The Company will then publicly announce and notify Shareholders of the Effective Date of the Capital Reduction through an SGXNET announcement.

### 2.8 Administrative procedures for the Capital Reduction and Cash Distribution

The following paragraphs set out the administrative procedures for the proposed Capital Reduction and Cash Distribution.

#### **Books Closure Date**

The Register of Members will be closed as at a time and date to be determined by the Directors, for the purpose of determining Shareholders' entitlements pursuant to the Cash Distribution. The Company will announce the Books Closure Date as soon as practicable after the conditions of the proposed Capital Reduction have been satisfied.

The Entitled Shareholders will be considered for purposes of the Capital Reduction on the basis of the number of such Shares registered in their names or standing to the credit of their Securities Accounts as at the Books Closure Date. Accordingly, the Entitled Shareholders will receive a sum of S\$0.035 for each Share held by them as at the Books Closure Date to be determined.

If, however, a creditor objects to, and makes an application to the High Court of Singapore for the cancellation of, the Capital Reduction resolution, within the prescribed time periods, the Capital Reduction will only take effect if the High Court of Singapore dismisses the creditor's application.

Subject to the satisfaction of the conditions set out in Section 2.6 above, the Company will make announcement to notify Shareholders of the Effective Date of the Capital Reduction and the date of payment pursuant to the Cash Distribution in due course.

#### **Payment of the Cash Distribution**

Payment of the Cash Distribution will be made in the following manner:

(a) Shareholders holding scrip Shares

Shareholders whose Shares are registered in the Register of Members as at the Books Closure Date will have the cheques for payment of their entitlements to the Cash Distribution under the Capital Reduction despatched to them by ordinary post at their own risk addressed to their respective addresses in the Register of Members on the Expected Payment Date. The Company shall not be liable for any loss in transmission.

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## LETTER TO SHAREHOLDERS

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(b) Depositors

Persons who are Depositors and who have Shares standing to the credit of their Securities Accounts as at the Books Closure Date will have the cheques for payment of their respective entitlements to the Cash Distribution under the Capital Reduction despatched to them by CDP by ordinary post at their own risk, on the Expected Payment Date. Neither the Company nor CDP shall be responsible or liable for any loss in transmission. Alternatively, such Depositors will have payment of their respective entitlements to the Cash Distribution under the Capital Reduction made in such other manner as they may have agreed with CDP for the payment of dividends or other distributions, on the Expected Payment Date.

### **Expected Payment Date**

Subject to the satisfaction of the conditions set out in Section 2.6 above, it is currently expected that the Cash Distribution will be paid to Shareholders in or about second week of May 2020. The Company will publicly announce and notify Shareholders of the expected date of the payment of the Cash Distribution through an SGXNET announcement.

**Shareholders who hold Shares registered in their own names in the Register of Members and who wish to deposit their Shares with CDP prior to the Books Closure Date must deliver their existing share certificates in respect of their Shares, together with the duly executed instruments of transfer in favour of CDP, at least 12 Market Days prior to the Books Closure Date in order for their Securities Accounts to be credited with the relevant Shares by the Books Closure Date.**

## 2.9 Taxation

**Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or any tax implications arising from the Capital Reduction and Cash Distribution. Shareholders who are in doubt as to their respective tax positions or any such tax implications on who may be subject to tax in a jurisdiction outside Singapore should consult their own professional advisors.**

For Singapore income tax purposes, payments made by a Singapore tax resident company to the Shareholders pursuant to share capital reductions are generally classified as either a return of capital (which is a capital gain not subject to tax) or a receipt of dividends (which is tax exempt under the one-tier corporate tax system). As such, for Singapore income tax purposes, any gains from such transactions are generally not taxable unless the proceeds constitute taxable revenue gains or profits from a trade or business carried on by the Shareholders.

In relation to the Cash Distribution to be made to the Shareholders pursuant to the Capital Reduction, as the amounts which are to be paid to the Shareholders pursuant to the Cash Distribution will be paid out of the reduction of the existing issued and paid-up share capital of the Company, the Cash Distribution should generally be regarded as a return of capital and not taxable in Singapore for the Shareholders unless the proceeds constitute taxable revenue gains or profits from a trade or business carried on by the Shareholders.

Shareholders are advised to consult their own tax advisors as to the precise tax consequences of the Cash Distribution pursuant to the Capital Reduction.

## 2.10 Adjustments to the existing Warrants

Pursuant to the terms and conditions of the Warrants as set out in the deed poll dated 2 May 2017 as amended by the supplemental deed poll dated 27 November 2019 ("**Deed Poll**"), whenever the Company makes a distribution in cash or *in specie* (other than dividends), the exercise price of the Warrants shall be adjusted in accordance with such terms and conditions.

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## LETTER TO SHAREHOLDERS

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The exercise price of the Warrants will be adjusted by the Directors in consultation with the Approved Professional (as defined in the Deed Poll) and such adjustment will be effective from the commencement of the market date next following the Books Closure Date. The Company will make an announcement of such adjusted exercise price at the appropriate juncture.

Pursuant to Condition 5.2(c)(i) of the Deed Poll, in the event that the Company makes a distribution in cash or *in specie* (other than dividends), the exercise price of the Warrants shall be adjusted based on the following formulae:

$$\text{New Exercise Price} = \frac{(C - D)}{C} \times X$$

where

- C = The Last Dealt Price on the Market Day immediately preceding the date on which the proposed Cash Distribution is publicly announced to the SGX-ST
- D = In the case of any other transaction falling within Condition 5.2(c) of the Deed Poll, the fair market value, as determined by an Approved Professional, of that portion of the proposed Cash Distribution
- X = Existing exercise price of the Warrants

For illustrative purposes, based on the above formulae provided in the Deed Poll and assuming the Last Dealt Price of S\$0.145 per Share as at 27 November 2019, being the Market Day immediately preceding the date of the Company's announcement in relation to the proposed Capital Reduction and Cash Distribution, the exercise price of the Warrants should be adjusted from the existing exercise price of S\$0.430 to the new exercise price of **S\$0.330** (rounded upwards to the nearest half cent), computed as follows:

$$\text{New Exercise Price} = \frac{(\text{S}\$0.145 - \text{S}\$0.035)}{\text{S}\$0.145} \times \text{S}\$0.430 = \text{S}\$0.330^{(1)}$$

**Note (1)** : Rounded upwards to the nearest half cent in accordance with the Deed Poll.

For the avoidance of doubt, the number of Warrants will not be adjusted pursuant to the proposed Capital Reduction and Cash Distribution.

### 3. FINANCIAL EFFECTS OF THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

For illustrative purposes only, based on the Group's audited consolidated financial statements for the financial year ended 28 February 2019 ("FY2019"), the pro forma financial effects of the Capital Reduction and Cash Distribution on the Company are as follows:

The pro forma financial effects are calculated on the assumption that:

- (i) the Capital Reduction and Cash Distribution were completed on 28 February 2019 and based on 1,208,445,693 Shares (excluding 20,752,700 treasury shares) in issue, as at 28 February 2019;
- (ii) the aggregate amount of cash required for the Cash Distribution will be generated through the Company's available liquid cash resources on hand;
- (iii) the computation does not take into account any expenses that may be incurred in relation to the Capital Reduction and Cash Distribution; and

## LETTER TO SHAREHOLDERS

- (iv) the NAV per Share is computed based on 1,208,445,693 Shares (excluding 20,752,700 treasury shares) in issue, as at 28 February 2019.

**The Directors note that the pro forma financial effects have been prepared solely for illustrative purposes and do not purport to be indicative or a projection of the results and financial position of the Company after the Capital Reduction and Cash Distribution have been effected.**

**(a) Share Capital**

The Capital Reduction and Cash Distribution will not have any impact on the number of Shares held by the Shareholders after the Capital Reduction and Cash Distribution. The pro forma financial effects of the Capital Reduction and Cash Distribution on the share capital of the Company for FY2019 are as follows:

	<b>Before the Capital Reduction and Cash Distribution</b>	<b>After the Capital Reduction and Cash Distribution</b>
Number of issued Shares (including treasury shares)	1,229,198,393	1,229,198,393
Number of issued Shares (excluding treasury shares)	1,208,445,693	1,208,445,693
Amount of share capital (S\$)	410,216,198.44 <sup>(1)</sup>	367,920,599.19

Note: (1) The amount of share capital of S\$410,216,198.44 is based on the records of ACRA as at 28 February 2019.

**(b) EPS**

The Capital Reduction and Cash Distribution will have no impact on the EPS of the Company.

**(c) NAV**

The pro forma financial effects of the Capital Reduction and Cash Distribution on the NAV of the Company for FY2019 are as follows:

	<b>Company</b>		<b>Group</b>	
	<b>Before the Capital Reduction and Cash Distribution</b>	<b>After the Capital Reduction and Cash Distribution</b>	<b>Before the Capital Reduction and Cash Distribution</b>	<b>After the Capital Reduction and Cash Distribution</b>
Net asset (RM'000)	1,091,092	963,799	569,299	442,006
Number of issued Shares (excluding treasury shares)	1,208,445,693	1,208,445,693	1,208,445,693	1,208,445,693
NAV per Share (RM sen)	90.29	79.76	47.11	36.58

## LETTER TO SHAREHOLDERS

**(d) Gearing**

The pro forma financial effects of the Capital Reduction and Cash Distribution on the gearing ratio of the Company for FY2019 are as follows:

	Company		Group	
	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Total borrowings (RM'000)	–	–	21,938	21,938
Net assets (RM'000)	1,091,092	963,799	569,299	442,006
Gearing (%)	–	–	3.85	4.96

**(e) Return on Equity**

The pro forma financial effects of the Capital Reduction and Cash Distribution on the return on equity of the Company for FY2019 are as follows:

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Profits attributable to Shareholders (RM'000)	46,517	46,517
Net assets (RM'000)	569,299	442,006
Return on Equity (%)	8.17	10.52

## LETTER TO SHAREHOLDERS

### 4. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

4.1 The interests of Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors' Shareholdings and Register of Members respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
<b>Directors</b>				
Dato' Sri Adam Sani bin Abdullah <sup>(2)</sup>	–	–	905,028,113	75.53
Ong Bok Siong	–	–	–	–
Lee Sze Siang	–	–	–	–
General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired)	–	–	–	–
Dato' Megat Hisham bin Megat Mahmud	–	–	–	–
Chew Soo Lin <sup>(3)</sup>	2,669,399	0.22	133,000	0.01
<b>Substantial Shareholders</b>				
Atlan Holdings Bhd	905,028,113	75.53	–	–
Chesterfield Trust Company Limited as Trustees of The Lim Family Trust <sup>(4)</sup>	–	–	905,028,113	75.53
Distinct Continent Sdn Bhd <sup>(5)</sup>	–	–	905,028,113	75.53
Lim Family Holdings Limited <sup>(6)</sup>	–	–	905,028,113	75.53
Dato' Sri Adam Sani bin Abdullah <sup>(2)</sup>	–	–	905,028,113	75.53
Berjaya Corporation Berhad <sup>(7)</sup>	–	–	905,028,113	75.53
Tan Sri Dato' Seri Vincent Tan Chee Yioun <sup>(8)</sup>	–	–	905,028,113	75.53

**Notes:**

- (1) The percentage of Shares is computed based on 1,198,199,093 Shares (excluding 30,999,300 treasury shares) as at the Latest Practicable Date.
- (2) Dato' Sri Adam Sani Bin Abdullah is deemed to have interest in the 905,028,113 Shares held by Atlan Holdings Bhd ("**Atlan**") through Chesterfield Trust Company Limited as Trustees of The Lim Family Trust by virtue of himself as the settlor, initial Protector and a primary beneficiary of The Lim Family Trust through the Letter of Wishes.
- (3) Mr Chew Soo Lin is deemed interest in the 133,000 Shares held by his mother, Madam Chong Sai Noi @ Chong Mew Leng.
- (4) Chesterfield Trust Company Limited as Trustees of The Lim Family Trust is deemed to have interest in the 905,028,113 Shares held by Atlan through Distinct Continent Sdn Bhd which is owned by Lim Family Holdings Limited by virtue of Section 7 of the Companies Act.
- (5) Distinct Continent Sdn Bhd is a substantial shareholder of Atlan. Distinct Continent Sdn Bhd is deemed interested in the 905,028,113 Shares held by Atlan by virtue of Section 7 of the Companies Act.
- (6) Lim Family Holdings Limited is deemed interested in the 905,028,113 Shares held by Atlan through its majority interest in Distinct Continent Sdn Bhd by virtue of Section 7 of the Companies Act.
- (7) Berjaya Corporation Berhad ("**BCB**") is deemed interested in the 905,028,113 Shares held by Atlan through its direct and indirect interest totalling 24.52% in Atlan.
- (8) Tan Sri Dato' Seri Vincent Tan Chee Yioun is deemed interested in the 905,028,113 Shares held by Atlan through his interest in BCB. BCB has a direct and indirect interest totalling 24.52% in Atlan. Tan Sri Dato' Seri Vincent Tan Chee Yioun is a major shareholder of BCB.

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## LETTER TO SHAREHOLDERS

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- 4.2 In addition to the above, Mr Chew Soo Lin and Atlan hold 1,120,959 and 362,011,245 warrants respectively pursuant to issuance and allotment of 491,400,042 bonus warrants of the Company on basis of two bonus warrants for every five Shares in the capital of the Company held by Shareholders on 16 May 2017.

None of the Directors or Substantial Shareholders of the Company has any interests, direct or indirect, in the Capital Reduction and Cash Distribution other than through their respective shareholdings, if any, in the Company.

### 5. DIRECTORS' RECOMMENDATION

Having considered, *inter alia*, the terms and/or rationale of the Capital Reduction and Cash Distribution, the Directors are of the view that the Capital Reduction and Cash Distribution are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Capital Reduction and Cash Distribution.

In giving the above recommendation, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisor.

### 6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 17 and 18 of this Circular, will be held at Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 on Thursday, 5 March 2020 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the Special Resolution in respect of the proposed Capital Reduction and Cash Distribution set out in the Notice of EGM.

### 7. ACTION TO BE TAKEN BY SHAREHOLDERS

#### 7.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wish to appoint a proxy/proxies to attend and vote at the EGM on their behalf will find a Proxy Form attached to this Circular which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 138 Cecil Street #12-01A Cecil Court Singapore 069538 not later than 72 hours before the time fixed for the holding of the EGM. The completion and sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy/proxies if he finds that he is able to do so, although the appointment of the proxy/proxies shall be deemed to be revoked by such attendance.

#### 7.2 Depositors

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the holding of the EGM.

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## LETTER TO SHAREHOLDERS

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### 8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed Capital Reduction and Cash Distribution, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

### 9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be made available for inspection by Shareholders at the registered office of the Company at 138 Cecil Street #12-01A Cecil Court Singapore 069538, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution of the Company; and
- (b) the annual report of the Company for FY2019.

Yours faithfully  
For and on behalf of the Board of Directors of  
**Duty Free International Limited**

Lee Sze Siang  
Executive Director  
10 February 2020



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### DUTY FREE INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number 200102393E)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

*The terms and expressions not defined herein have the same meanings as ascribed to them in the Company's circular dated 10 February 2020 (the "Circular").*

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of **DUTY FREE INTERNATIONAL LIMITED** (the "**Company**") will be held at Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 on Thursday, 5 March 2020 at 11.00 a.m. for the purpose of considering, and if thought fit, passing, with or without modifications, the following special resolution:

### **SPECIAL RESOLUTION: THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION**

That:

- (a) the issued and paid-up share capital of the Company be reduced by S\$41,936,968.26 from S\$410,216,198.44 (as at the Latest Practicable Date) to S\$368,279,230.18 and returning the sum of S\$41,936,968.26 to the Shareholders, being registered holders of the Shares other than the Company, except that where the registered holder is The Central Depository (Pte) Limited, the term "Shareholders" shall mean the Depositors (other than the Company) as defined under the Companies Act, on the basis of S\$0.035 for each issued ordinary share in the capital of the Company held by a Shareholder or on his/her behalf as at the Books Closure Date to be determined by the Directors; and
- (b) the Directors or any of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit notices, forms and documents with or to the relevant authorities) as they or each of them deem desirable, necessary or expedient to give effect to the Capital Reduction and Cash Distribution contemplated by this Special Resolution as they or any of them may in their absolute discretion deem fit in the interests of the Company.

By Order of the Board

**DUTY FREE INTERNATIONAL LIMITED**

Thum Sook Fun  
Company Secretary

Singapore, 10 February 2020

#### **Notes:**

- (1) A Member of the Company (other than a Relevant Intermediary\*) entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
- (2) A Relevant Intermediary may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member (which number and class of shares shall be specified).
- (3) The instrument appointing a proxy must be duly deposited at the registered office of the Company at 138 Cecil Street #12-01A Cecil Court Singapore 069538 not later than 72 hours before the time appointed for the holding of the EGM. A Depositor shall not be regarded as a Member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the EGM.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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A "Relevant intermediary" is:-

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**Personal Data Privacy:**

"Personal data" in this notice of EGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes the shareholder's name and its proxy's and/or representative's name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM of the Company and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; (iii) undertakes that the shareholder will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty. The shareholder's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

Photographic, sound and/or video recordings of the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the EGM. Accordingly, the personal data of a shareholder of the Company (such as his/her name, his/her presence at the EGM and any questions he/she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

## PROXY FORM

### DUTY FREE INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200102393E)

### PROXY FORM

**IMPORTANT:**

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We\* \_\_\_\_\_ (Name) (NRIC/Passport number) \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a shareholder/shareholders\* of **DUTY FREE INTERNATIONAL LIMITED** (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our\* proxy/proxies\* to attend and to vote for me/us\* on my/our\* behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at Cinnamon Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 on Thursday, 5 March 2020 at 11.00 a.m. and at any adjournment thereof. I/We\* direct my/our\* proxy/proxies\* to vote for or against the resolution proposed at the EGM as indicated hereunder.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM.)

Special Resolution	Number of Votes For	Number of Votes Against
To approve the Capital Reduction and Cash Distribution		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Total Number of Shares held in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Shareholder(s)  
or Common Seal of Corporate Shareholder

\* Delete where inapplicable

**IMPORTANT: PLEASE READ THE NOTES OVERLEAF**



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## PROXY FORM

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### Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. A Member of the Company (other than a Relevant Intermediary\*) entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
3. Where a Member of the Company (other than a Relevant Intermediary\*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member (which number and class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.
6. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 138 Cecil Street #12-01A Cecil Court Singapore 069538 not less than 72 hours before the time appointed for the EGM.
7. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
8. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investors**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.

A "Relevant Intermediary" is:

- (i) a banking corporation licensed under the Banking Act, Chapter 19, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or
- (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

### General:-

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by the Central Depository (Pte) Limited to the Company.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of EGM of the Company dated 10 February 2020.