

# DUTY FREE INTERNATIONAL LIMITED

(Registration No. 200102393E)

## PROPOSED ISSUANCE OF AN AGGREGATE OF 39,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

### 1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Duty Free International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the proposed issuance of an aggregate of 39,000,000 new ordinary shares in the capital of the Company (“**Subscription Shares**”) at an issue price of S\$0.32 (“**Issue Price**”) for each Subscription Share (the “**Subscription**”), representing approximately 3.55% of the total number of issued ordinary shares of the Company (“**Shares**”) as at the date of this announcement, on the terms and conditions of a subscription agreements dated 25 February 2016 (“**Subscription Agreements**”) between the Company and the list of subscribers listed under paragraph 2 below (the “**Subscribers**”).

### 2. SUBSCRIBERS

Details on the Subscribers and the number of Subscription Shares are as set out in the table below:

No.	Name of Subscriber	Number of Subscription Shares	Rationale for the Subscriber's subscription of the Subscription Shares
1.	Great Eastern Life Assurance (Malaysia) Berhad <sup>(a)</sup> Sub accounts : <ul style="list-style-type: none"><li>Great Eastern Life Assurance (Malaysia) Berhad - PAR 1 FUND</li><li>Great Eastern Life Assurance (Malaysia) Berhad - PAR 2 FUND</li><li>Great Eastern Life Assurance (Malaysia) Berhad - PAR 3 FUND</li><li>Great Eastern Life Assurance (Malaysia) Berhad - NON PAR 1 FUND</li><li>Great Eastern Life Assurance (Malaysia) Berhad - NULF 1</li><li>Great Eastern Life Assurance (Malaysia) Berhad - SHAREHOLDERS FUND</li></ul>	14,990,000 2,000,000 6,000,000 1,000,000 700,000 310,000	For investment purposes For investment purposes For investment purposes For investment purposes For investment purposes For investment purposes
2.	Kumpulan Sentiasa Cemerlang Sdn Bhd <sup>(b)</sup> Sub accounts :- <ul style="list-style-type: none"><li>DB Nominees (Singapore) Pte Ltd Favouring Deutsche Bank Malaysia Berhad A/c Kumpulan Sentiasa Cemerlang Sdn Bhd</li><li>CIMB Group Nominees (Asing) Sdn Bhd CIMB Commerce Trustee Bhd for Global Strategic Growth Fund (KSC2)</li></ul>	4,295,000 350,000	For investment purposes For investment purposes

3.	KSC (S) Pte Ltd <sup>(c)</sup>		
	<ul style="list-style-type: none"> <li>DB Nominees (Singapore) Pte Ltd Favouing KSC (S) Pte Ltd - Lee Hau Hian</li> </ul>	4,070,000	For investment purposes
	<ul style="list-style-type: none"> <li>DB Nominees (Singapore) Pte Ltd Favouing KSC (S) Pte Ltd - Anastasia Amanda Beh Gaik Sim</li> </ul>	285,000	For investment purposes
4.	Kenanga Investors Berhad <sup>(d)</sup>		
	Sub accounts :-		
	<ul style="list-style-type: none"> <li>Kenanga Asia Pacific Total Return Fund</li> </ul>	429,000	For investment purposes
	<ul style="list-style-type: none"> <li>Kenanga ASEAN Tactical Total Return Fund</li> </ul>	3,131,000	For investment purposes
	<ul style="list-style-type: none"> <li>Kenanga Investors Berhad</li> </ul>	440,000	For investment purposes
5.	Heah Tien Huat	1,000,000	For investment purposes
	TOTAL	39,000,000	

A brief description of the Subscribers are as follows:

- (a) Great Eastern Life Assurance (Malaysia) Berhad is a wholly owned subsidiary of Great Eastern Holdings Limited and its parent company is Oversea-Chinese Banking Corporation Limited. Great Eastern Life is licensed under the Financial Services Act 2013 and is regulated by Bank Negara Malaysia.
- (b) Kumpulan Sentiasa Cemerlang Sdn Bhd ("**Kumpulan**") is a privately owned investment manager. Kumpulan provides investment advisory services to high net worth individuals and institutions, and invests in public equity and fixed income markets of Malaysia and other Asian markets. Kumpulan is incorporated in Malaysia, and its directors and shareholders are as follows:

**Directors**

Daud Mah Bin Abdullah  
Tan Beng Ling  
Ahmad Nadzim Bin Abdul Manan  
Datuk Mohamad Hedar Bin Shariff  
Datuk Tong Nguen Khoong

**Shareholders**

Rozilia Mohd Amin  
Tan Beng Ling  
Asgari Bin Tan Sri Mohd Fuad Stephens  
George Lim Kok Eng

The persons or parties who have beneficial interest in the Subscription Shares subscribed by Kumpulan are as follows:

- (i) DB Nominees (Singapore) Pte Ltd Favouing Deutsche Bank Malaysia Berhad A/c Kumpulan Sentiasa Cemerlang Sdn Bhd, with interest in the Subscription Shares of 4,295,000. Investors of this account consist of wholesale fund, high net worth individual and corporate accounts; and
- (ii) CIMB Group Nominees (Asing) Sdn Bhd CIMB Commerce Trustee Bhd for Global Strategic Growth Fund (KSC2), which is a family trust fund, with interest in the Subscription Shares of 350,000.

- (c) KSC (S) Pte Ltd (“**KSC**”), a wholly owned subsidiary of Kumpulan, provides advisory services to high net worth individuals and institutions, and invests in public equities of Singapore and other Asian markets. KSC is incorporated in Singapore and its directors and shareholders are as follows:

**Directors**

Daud Mah Bin Abdullah  
Tan Beng Ling  
Asgari Bin Tan Sri Mohd Fuad Stephens  
George Lim Kok Eng

**Shareholder**

Kumpulan Sentiasa Cemerlang Sdn Bhd

The persons or parties who has beneficial interest in the Subscription Shares subscribed by KSC are as follows:

- (i) DB Nominees (Singapore) Pte Ltd Favouring KSC (S) Pte Ltd - Lee Hau Hian, a high net worth individual, with interest in the Subscription Shares of 4,070,000 ; and
  - (ii) DB Nominees (Singapore) Pte Ltd Favouring KSC (S) Pte Ltd – Anastasia Amanda Beh Gaik Sim, a high net worth individual, with interest in the Subscription Shares of 285,000.
- (d) Kenanga Investors Berhad (“**Kenanga Investors**”) is the asset management arm of K & N Kenanga Holdings Berhad (“**Kenanga Holdings**”). Kenanga Investors provides investment solutions ranging from collective investment schemes, portfolio management services and alternative investments for retail, corporate and institutional clients. Kenanga Holdings which is listed on the Main Market of Bursa Malaysia, is a financial group in Malaysia with experience in equity broking, investment banking, listed derivatives, treasury, corporate advisory, Islamic banking, wealth management and investment management. Investors of Kananga Investors include fund of funds, family offices, pension funds, corporations and high net worth individuals. The following funds are managed by Kenanga Investors:
- (i) The Kenanga Asia Pacific Total Return Fund (“**Kenanga Asia Fund**”) invests in equities and equity related securities of companies in the Asia Pacific region. Kenanga Asia Fund is a discretionary fund.
  - (ii) Kenanga ASEAN Tactical Total Return Fund (“**Kenanga ASEAN Fund**”) invests in equities and equity related securities of companies in the ASEAN region. Kenanga ASEAN Fund is a discretionary fund.

Each of the Subscribers has no connection (including business relationship) with the Company, its Directors and substantial shareholders and is not a person to whom the Company is prohibited from issuing Shares to, as provided for in Rule 812 of the Catalist Listing Manual of the SGX-ST (the “**Listing Manual**”).

No placement agent has been appointed in relation to the Subscription.

The Company was introduced to the Subscribers through an introducer, Kenanga Investment Bank Berhad, with a referral fee of 2.5% on the value of shares successfully placed out.

### **3. THE SUBSCRIPTION SHARES**

The 39,000,000 Subscription Shares represent approximately 3.55% of the existing issued share capital of the Company as at the date of this announcement and will represent approximately 3.42% of the enlarged issued share capital of the Company after the issue of the Subscription Shares, assuming full subscription for the Subscription Shares.

The Issue Price represents a discount of approximately 7.25% of the weighted average price of S\$0.345 per Share of the Company for trades done for the full market day on 25 February 2016, being the day on which the Subscription Agreements were signed. The Subscription Agreements were signed after market hours on 25 February 2016.

The Subscription Shares will be allotted and issued pursuant to the general shareholders' mandate ("**General Mandate**") to issue shares passed at the Company's annual general meeting ("**AGM**") on 25 June 2015. The General Mandate authorizes the Directors to allot and issue new shares not exceeding 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares to be issued other than on pro rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company. As at the date of the Company's AGM on 25 June 2015, the Company has 1,099,843,647 of issued shares (excluding treasury shares of 6,198,000).

As at the date of this announcement, the Company has not issued any new shares pursuant to the General Mandate, and the proposed allotment and issuance of the Subscription Shares is within the limit of the General Mandate. When issued, the Subscription Shares will be credited as fully paid-up and will rank *pari passu* in all respects with the then existing Shares.

The Company confirms that the issue of the Subscription Shares to each Subscriber will not transfer a controlling interest without prior approval of Shareholders in general meeting.

#### **4. CONDITIONS OF THE PLACEMENT**

The completion of the subscription of the Subscription Shares is conditional upon the following conditions:

- (a) the SGX-ST issuing a listing and quotation notice in respect of the Subscription Shares and such listing and quotation notice not having been revoked or amended and, where such listing and quotation notice is subject to conditions (which are not normally imposed by the SGX-ST for a transaction of a similar nature), to the extent that any conditions for the listing and quotation of the New Shares on Catalist are required to be fulfilled on or before completion date, being 7 days after the receipt of the listing and quotation notice from the SGX-ST ("**Completion Date**"), they are so fulfilled;
- (b) the allotment, issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule, regulation, directive or request whether existing or promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere, which is applicable to the Company and/or the Subscriber; and
- (c) the representations and warranties of the Company and the Subscriber in the Subscription Agreement being true, accurate and correct in all respects as if made on the Completion Date, with reference to the then existing circumstances and the Company and the Subscriber having performed in all material respects all of their obligations herein to be performed on or before the Completion Date.

#### **5. RATIONALE FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

The rationale for the Subscription is to strengthen the capital base of the Company, and increase the Company's public spread, which may in turn improve the level of trading liquidity of its shares.

Assuming that all Subscription Shares are subscribed for, and after the deduction of estimated expenses in relation to the Subscription, the net proceeds from the Subscription ("**Net Proceeds**") are estimated to amount to S\$12.1 million.

The Company intends to use the Net Proceeds from the Subscription as follows:

- 90% for general corporate requirements including but not limited to acquisition and funding of potential business opportunities, if any; and
- 10% for general working capital including but not limited to renovation and upgrading of business outlets, should the need arise.

Pending the deployment of the proceeds, such proceeds may be placed as deposits with financial institutions or investment in low risk investment grade instruments as the Directors may in their absolute discretion deem fit, from time to time.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the Net Proceeds are materially disbursed and, whether such 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 Net Proceeds in the Company's annual report. Where there is material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

As at the date of this Announcement, the Company's paid up capital is S\$364,626,998 and the issued share capital of the Company comprises 1,099,850,393 Shares. When completed, the Subscription will increase the existing paid-up share capital of the Company to S\$377,106,998 and the issued share capital will comprise 1,138,850,393 Shares.

The Directors are of the opinion that after taking into consideration the Group's operating cash flows, and present bank facilities, the working capital available to the Company is sufficient to meet its present requirements. Please refer to the above for the rationale for the Subscription.

The Directors are further of the opinion that after taking into consideration the Group's operating cash flows, present banking facilities and the Net Proceeds, the working capital available to the Company is sufficient to meet its present requirements.

## 6. FINANCIAL EFFECTS OF THE SUBSCRIPTION

The financial effects of the Subscription on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position or performance of the Company or the Group after completion of the Subscription. The pro forma financial effects have been prepared based on the audited financial statements of the Company for the financial year ended 28 February 2015 ("FY2015").

### 6.1 Share Capital

As at 28 February 2015	Before Issuance of Subscription Shares	After Issuance of Subscription Shares
Number of shares ('000)	1,099,844	1,138,844
Share Capital (RM'000)	979,931	1,017,371*

Note \* : Based on a conversion rate of S\$1.00 to RM3.00 for the Subscription consideration.

### 6.2 Net Tangible Asset ("NTA") per Share

Had the Subscription been completed on 28 February 2015, the Subscription would have had the following financial effects on the Group's NTA per Share for FY2015:

As at 28 February 2015	Before Issuance of Subscription Shares	After Issuance of Subscription Shares
NTA (RM'000)	362,898	399,078 <sup>(1)</sup>
Number of Shares ('000)	1,099,844	1,138,844
NTA per share (RM Sen)	33.00	35.04

Note:

(1) After deducting the estimated transaction expenses of approximately RM1.26 million incurred in relation to the Subscription.

### 6.3 Earnings Per Share

Had the Subscription been completed on 1 March 2014, the Subscription would have had the following financial effect on the Group's earnings per share for FY2015:

<b>For the year ended 28 February 2015</b>	<b>Before Issuance of Subscription Shares</b>	<b>After Issuance of Subscription Shares</b>
<b>Net profit attributable to owners the Company (RM'000)</b>	54,997	53,737 <sup>(1)</sup>
<b>Weighted average number of shares ('000)</b>	1,102,321	1,141,321
<b>Earnings per share (RM Sen)</b>	4.99	4.71

Note:

(1) After deducting the estimated transaction expenses of approximately RM1.26 million incurred in relation to the Subscription.

## 7. OTHER INFORMATION

The Company will be making an application to the Company's sponsor and the SGX-ST for the listing and quotation of the Subscription Shares on the Catalist board of the SGX-ST. The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the Subscription Shares has been obtained from the SGX-ST.

The Subscription will be undertaken by way of private placement in accordance with Section 272B of the Securities and Future Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Subscription.

## 8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors of the Company has any interest, direct or indirect, in the Subscription. The Directors are not aware of any substantial shareholder of the Company having any interest, direct or indirect, in the Subscription and has not received any notification of any interest in this transaction from any substantial shareholder.

## 9. DOCUMENT FOR INPECTION

The Subscription Agreement is available for inspection at the registered office of the Company at 6 Battery Road, #10-01, Singapore 049909 during normal business hours for a period of three (3) months commencing from the date of this announcement.

## 10. 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 Subscription and the Group, 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.

### BY ORDER OF THE BOARD

LEE SZE SIANG  
EXECUTIVE DIRECTOR  
25 February 2016

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Leong Huey Miin, Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.