



DUTY FREE INTERNATIONAL LIMITED

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(Company Registration No. 200102393E)

PROPOSED SUBSCRIPTION / ACQUISITION OF A NEW SUBSIDIARY

The board of directors (“**Board**”) of Duty Free International Limited (“**Company**”) wishes to announce that it has on 9 July 2018 entered into a conditional subscription agreement (“**Agreement**”) with Robert Justin Frizelle and Meridian Compass Ltd (“**Founders**”), and Brand Connect Holding Pte Ltd (“**Brand Connect**”) pursuant to which the Company shall subscribe for 2,800,000 new ordinary shares in the capital of Brand Connect (“**Subscription Shares**”) (the “**Proposed Subscription**”).

Under the Agreement, it is a condition precedent to completion of the Company’s subscription (“**Completion**”) that the Founders and Brand Connect complete an internal restructuring exercise of the Brand Connect group of companies (together, the “**Target Group**”), and Brand Connect will increase its share capital to US\$1,200,000 comprising 1,200,000 ordinary shares. Completion is also subject to other conditions precedent customary in transactions of this nature. The Target Group is engaged in the business of marketing and distribution of alcohol and other beverage products across countries in the Asia Pacific region.

At Completion, the Company will pay the consideration amount of US\$2,800,000 (“**Consideration**”) for the Subscription Shares, being 70% of the enlarged share capital of Brand Connect, and thereafter, Brand Connect’s issued and paid up share capital will be US\$4,000,000 comprising 4,000,000 ordinary shares. The Company will also enter into a shareholders’ agreement with the shareholders of Brand Connect. Upon Completion, Brand Connect will be a 70% subsidiary of the Company.

The Consideration of US\$2,800,000 was arrived at following arm’s length negotiations, based on the parties’ agreed net asset value of the Target Group of approximately US\$1.4 million as at 31 May 2018, as well as representing the proportion attributable to the equity interest of the Company in Brand Connect. No independent valuation was conducted in respect of the value of the Target Group. The Consideration shall be satisfied in cash at the date of Completion and is funded from the Company’s internal resources.

The rationale for the Proposed Subscription is to develop and grow the Group’s alcohol distribution business as well as to expand the Group’s market operations beyond the current sales channels in the duty free market of Malaysia to include the duty paid market across South East Asia.

Upon Completion, Mr Robert Justin Frizelle will be appointed as the Chief Executive Office, and Mr. Patrick James Looram as the Chief Operating Officer of the Brand Connect Group of Companies.

The Proposed Subscription is not expected to have any material impact on the net tangible assets per share or earnings per share of the Company for the current financial year ending 28 February 2019.

None of the directors of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholding interests in the Company.

BY ORDER OF THE BOARD

Lee Sze Siang
Executive Director
9 July 2018