

DUTY FREE INTERNATIONAL LIMITED

(Registration No. 200102393E)

PROPOSED SHARE PLACEMENT

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 30,000,000 new ordinary shares in the capital of the Company (the “**Subscription Shares**”) at an issue price of S\$0.365 (the “**Issue Price**”) for each Subscription Share (the “**Subscription**”), representing approximately 2.58% of the total number of issued ordinary shares (excluding treasury shares) of the Company (the “**Shares**”) as at the date of this announcement, on the terms and conditions of the subscription agreement dated 10 August 2016 (the “**Subscription Agreement**”) entered into between the Company and Affin Hwang Asset Management Berhad (the “**Subscriber**”).

2. ABOUT THE SUBSCRIBER

The Subscriber, Affin Hwang Asset Management Berhad (“**AHAM**”), was incorporated in Malaysia on 2 May 1997 under the Companies Act 1965 and began its operations under the name Hwang-DBS Unit Trust Berhad in 2001. AHAM is licensed by the Securities Commission Malaysia to establish, manage and distribute unit trust funds, private retirement schemes and to offer fund management services. In early 2014, AHAM was acquired by Affin Banking Group (“**Affin**”) and is now supported by an established Malaysian financial services conglomerate. Affin has over 38 years of experience in financial industry which focuses on commercial, Islamic and investment banking services, money broking, fund management and underwriting of life and general insurance business. Additionally, AHAM is also 30% owned by Nikko Asset Management International Limited, a leading independent Asian investment management franchise. AHAM has approximately 32 billion assets under management as at 30 June 2016.

Further details on the Subscriber, sub accounts, and the Subscription Shares are as set out in the annex of this announcement.

Save for the Company’s Directors who hold retail stockbroking accounts with Affin Hwang Investment Bank Berhad, which is a substantial shareholder of the Subscriber as disclosed to the Company, the Subscriber 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 under Rule 812 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Listing Manual**”).

No placement agent has been appointed in relation to the Subscription. The Company was introduced to the Subscriber through an introducer, Kenanga Investment Bank Berhad, at a referral fee of 3.5% on the value of shares successfully placed out.

3. THE SUBSCRIPTION SHARES

The 30,000,000 Subscription Shares represent approximately 2.58% of the existing issued and paid-up share capital (excluding treasury shares) of the Company as at the date of this announcement and will represent approximately 2.51% of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company after the issuance of the Subscription Shares, assuming full subscription for

the Subscription Shares and assuming the balance 2,600,000 new subscription Shares have been allotted pursuant to the subscription (announced by the Company on 27 July 2016 and 10 August 2016) by the 6 subscribers named therein (the “**20 million Subscription**”).

The Issue Price represents a premium of approximately 0.80% of the volume weighted average price of S\$0.3621 per Share of the Company for trades done on the full market day on 10 August 2016, being the day on which the Subscription Agreement was signed. The Subscription Agreement was signed after market hours on 10 August 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 29 June 2016. 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 29 June 2016, the total number of issued Shares (excluding treasury shares of 698,000) in the capital of the Company was 1,144,350,393. Accordingly, the Company can issue up to 1,144,350,393 new Shares on a *pro-rata* basis and up to 572,175,196 new Shares on a non *pro-rata* basis under the General Mandate.

On 4 August 2016, the Company received a listing and quotation notice from the SGX-ST for the listing and quotation of 20,000,000 new subscription Shares to be issued pursuant to the 20 million Subscription announced on 27 July 2016. As at the date of this announcement, the Company has issued and allotted 17,400,000 new subscription Shares in connection with the 20 million Subscription pursuant to the General Mandate. The proposed issuance and allotment of the balance 2,600,000 new subscription Shares pursuant to the 20 million Subscription is expected to take place by 15 August 2016. In addition, as at the date of this announcement, the Company does not have any outstanding warrants or other convertibles. Accordingly, the proposed allotment and issuance of the Subscription Shares is within the limit of the General Mandate.

When allotted and issued, the Subscription Shares will be credited as fully paid-up, free and clear of all encumbrances and will rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or any distribution, the record date of which falls before the date of allotment and issuance of the Subscription Shares.

The Company confirms that the allotment and issuance of the Subscription Shares to the Subscriber will not transfer a controlling interest without prior approval of the Company’s shareholders in a 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 Subscription Shares on the Catalist board of the SGX-ST (“**Catalist**”) are required to be fulfilled on or before completion date, being seven (7) business days after the receipt of the listing and quotation notice from the SGX-ST (“**Completion Date**”), they are so fulfilled;

- (b) the allotment, issuance 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 and encourage greater participation by investors.

Assuming that all the Subscription Shares are subscribed for, and after the deduction of estimated expenses in relation to the Subscription of approximately S\$0.49 million, the net proceeds from the Subscription ("**Net Proceeds**") are estimated to amount to S\$10.46 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 Net Proceeds, such Net 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 issued and paid-up share capital (excluding treasury shares) is S\$385,217,998 comprising 1,161,750,393 Shares. Upon completion of the Subscription, the Company's issued and paid-up share capital (excluding treasury shares) will increase to S\$397,116,998 comprising 1,194,350,393 Shares, assuming full subscription for the Subscription Shares and assuming the balance 2,600,000 new subscription Shares pursuant to the 20 million Subscription has been issued and allotted.

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 consolidated financial statements of the Group and the audited financial statements of the Company for the financial year ended 29 February 2016 ("FY2016") and assuming the 20 million Subscription has been completed at the same time as the completion of the Subscription.

For the avoidance of doubt, such pro forma financial effects do not take into account (i) any corporate actions announced and undertaken by the Group subsequent to 1 March 2016; and (ii) any issuance of new Shares subsequent to 1 March 2016.

6.1 Share Capital

As at 29 February 2016	Before the Issuance of Subscription Shares	After the Issuance of Subscription Shares
Number of Shares ('000)	1,099,850	1,149,850
Share Capital (RM'000)	979,940	1,034,480*

Note *: Based on an exchange rate of S\$1.00 to RM2.9885 for the Subscription consideration.

6.2 Net Tangible Asset ("NTA") per Share

Had the Subscription and the 20 million Subscription been completed on 29 February 2016, the Subscription and the 20 million Subscription would have had the following financial effect on the Group's NTA per Share for FY2016:

As at 29 February 2016	Before the Issuance of Subscription Shares	After the Issuance of Subscription Shares
NTA⁽¹⁾ (RM'000)	375,516	427,566 ⁽²⁾
Number of Shares ('000)	1,099,850	1,149,850
NTA per Share (RM Sen)	34.14	37.18

Notes:

(1) NTA means total assets less the sum of total liabilities, non-controlling interests and intangible assets.

- (2) After deducting the estimated transaction expenses of approximately RM2.49 million incurred in relation to the Subscription and the 20 million Subscription, based on an exchange rate of S\$1.00 to RM2.9885.

6.3 Earnings per Share

Had the Subscription and the 20 million Subscription been completed on 1 March 2015, the Subscription and the 20 million Subscription would have had the following financial effect on the Group's earnings per Share for FY2016:

For FY2016	Before the Issuance of Subscription Shares	After the Issuance of Subscription Shares
Net profit attributable to owners of the Company (RM'000)	62,070	59,580 ⁽¹⁾
Weighted average number of Shares ('000)	1,099,845	1,149,845
Earnings per Share (RM Sen)	5.64	5.18

Note:

- (1) After deducting the estimated transaction expenses of approximately RM2.49 million incurred in relation to the Subscription and the 20 million Subscription, based on an exchange rate of S\$1.00 to RM2.9885.

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 Catalist. The Company will make the necessary announcement upon receipt of the listing and quotation notice of the Subscription Shares from the SGX-ST.

The Subscription will be undertaken by way of a 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

Save as disclosed in this announcement, none of the Directors and their respective associates has any interest, direct or indirect, in the Subscription (other than through their respective shareholding interests in the Company, if any).

The Directors are not aware of any substantial shareholders of the Company and their respective associates having any interest, direct or indirect, in the Subscription (other than through their respective shareholding interests in the Company) and has not received any notification of any interest in the Subscription from any substantial shareholders of the Company and their respective associates.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The Subscription Agreement is available for inspection at the registered office of the Company at Six 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
10 August 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Advisors Private Limited (formerly known as 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 Goh Mei Xian (Tel: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

ANNEX

Details on the Subscriber, sub accounts, and the Subscription Shares

Name of Subscriber or sub account	Number of Subscription Shares	Rationale for End Placee's subscription of the Subscription Shares	Description
Affin Hwang Asset Management Berhad (TSTACCLNT-T)	6,698,300	For investment purposes	Please refer to this announcement above.
Affin Hwang Asset Management Berhad (CIMBGNT-AH-CLIENTS' ACCT-T)	97,500	For investment purposes	This is a discretionary portfolio mandate account managed by the Subscriber for a private client.
Affin Hwang Asset Mgmt Bhd (SG CLN AC (T))	819,300	For investment purposes	Please refer to this announcement above.
TMF TRUSTEES MALAYSIA BERHAD FOR AFFIN HWANG ABSOLUTE RETURN FUND III	876,600	For investment purposes	Affin Hwang Absolute Return Fund III is a wholesale fund managed by the Subscriber. Unit holders of the fund are individual and corporate investors who are qualified investors.
DBMB A/C DTMB FOR HWANG FLEXI FUND II	2,195,700	For investment purposes	Affin Hwang Flexi Fund II is a wholesale fund managed by the Subscriber. Unit holders of the fund are individual and corporate investors who are qualified investors.
AHAMB TRUST ACCOUNT CLIENT (MBB - T)	2,809,100	For investment purposes	This is a discretionary portfolio mandate account managed by the Subscriber for a private client.
Affin Hwang Absolute Return Fund II	2,616,200	For investment purposes	Affin Hwang Absolute Return Fund II is a wholesale fund managed by the Subscriber. Unit holders of the fund are individual and corporate investors who are qualified investors.
AFFIN HWANG SEL ASIA (EX JPN) OP FD	2,635,300	For investment purposes	Affin Hwang Select Asia (Ex Japan) Opportunities Fund is a unit trust fund managed by

			the Subscriber. Unit holders of the fund are retail investors.
DTMB for Affin Hwang Select Asia Pacific (Ex Japan) Div Fund	2,669,700	For investment purposes	Affin Hwang Select Asia Pacific (Ex Japan) Dividend Fund is a unit trust fund managed by the Subscriber. Unit holders of the fund are retail investors.
CN MAYBAN TRUSTEES BHD FOR SAHAM AMANAH SABAH 2	5,834,600	For investment purposes	This is a discretionary portfolio mandate account managed by the Subscriber for a private client.
DTMB FOR HWANG FLEXI FUND I	1,728,100	For investment purposes	Affin Hwang Flexi Fund I is a unit trust fund managed by the Subscriber. Unit holders of the fund are retail investors.
CIMBGNT-CCTB CIMBIB (PB-AFHWG)	197,500	For investment purposes	This is a discretionary portfolio mandate account managed by the Subscriber for a private client.
CIMBGNT-CCTB ANNHOW HLDG(AFHWG)	225,600	For investment purposes	This is a discretionary portfolio mandate account managed by the Subscriber for a private client.
DTMB for Affin Hwang Select Asia Pacific (Ex JPY) Balanced Fund	227,200	For investment purposes	Affin Hwang Select Asia Pacific (Ex Japan) Balanced Fund is a unit trust fund managed by the Subscriber. Unit holders of the fund are retail investors.
AXA AFFIN-ASIA PACIFIC GROWTH FUND	322,400	For investment purposes	This is a discretionary portfolio mandate account managed by the Subscriber for a private client.
AHAMB FOR BENTA WAWASAN SDN BHD	46,900	For investment purposes	This is a discretionary portfolio mandate account managed by the Subscriber for a private client.