DUTY FREE INTERNATIONAL LIMITED
(Registration No. 200102393E)

PROPOSED ISSUANCE OF AN AGGREGATE OF 18,500,000 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 18,500,000 new ordinary shares in the capital of the Company (the "**Subscription Shares**") at an issue price of S$0.38 (the "**Issue Price**") for each Subscription Share (the "**Subscription**"), representing approximately 1.55% 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 13 February 2017 (the "**Subscription Agreements**") entered into between the Company and Old Peak Ltd. (the "**Subscriber**").

2. SUBSCRIBER

Details on the Subscriber 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.	Old Peak Ltd. [(a)] Sub accounts: OP Master Fund Ltd.	18,500,000	For investment purposes
	TOTAL	**18,500,000**	

A brief description of the Subscriber is set out as follows:

(a) OP Master Fund is an offshore investment fund, with institutional investors, focusing on Pan-Asian investments, that is advised by Old Peak Ltd., a Hong Kong 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 to, as provided for under Rule 812 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual (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, with a referral fee of 2.5% on the value of shares successfully placed out.

3. THE SUBSCRIPTION SHARES

The 18,500,000 Subscription Shares represent approximately 1.55% 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 1.53% 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.

The Issue Price represents a discount of approximately 4.74% of the volume weighted average price of S$0.3989 per Share of the Company for trades done on the full market day on 13 February 2017, being the day on which the Subscription Agreements were signed. The Subscription Agreements were signed after market hours on 13 February 2017**.**

The Subscription Shares will be allotted and issued pursuant to the general shareholders' mandate ("**General Mandate**") to issue Shares passed at the Company's extraordinary general meeting ("**EGM**") on 30 September 2016. The General Mandate authorizes the Directors to allot and issue new Shares not exceeding 50% 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 20% of the total number of issued Shares (excluding treasury shares) in the capital of the Company.

As at the date of the Company's EGM on 30 September 2016, the total number of issued Shares (excluding treasury shares of 698,000) in the capital of the Company was 1,194,350,393. Accordingly, the Company could issue up to 597,175,196 new Shares on a pro-rata basis and up to 238,870,078 new Shares on a non pro-rata basis under the General Mandate.

As at the date of this announcement, the Company has not issued any new Shares pursuant to the General Mandate, and 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 Mainboard of the SGX-ST ("**Mainboard**") 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 Agreements 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 Agreements 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 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$0.24 million, the net proceeds from the Subscription ("**Net Proceeds**") are estimated to amount to S$6.79 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$397,116,998 comprising 1,194,350,393 Shares. Upon completion of the Subscription, the Company's issued and paid-up share capital (excluding treasury shares) will increase to S$404,146,998 comprising 1,212,850,393 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 consolidated financial statements of the Group and the audited financial statements of the Company for the financial year ended 29 February 2016 ("**FY2016**").

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	1,118,350
Share Capital (RM'000)	979,940	1,001,901 (1)

Notes:

(1) Based on an exchange rate of S$1.00 to RM3.1239 for the Subscription consideration.

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

Had the Subscription been completed on 29 February 2016, the Subscription would have had the following financial effects 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	396,727 (2)
Number of Shares ('000)	1,099,850	1,118,350
NTA per Share (RM Sen)	34.14	35.47

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 RM0.75 million incurred in relation to the Subscription, based on an exchange rate of S$1.00 to RM3.1239.

6.3 Earnings per Share

Had the Subscription been completed on 1 March 2015, the 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	61,320 (1)
Weighted average number of Shares ('000)	1,099,845	1,118,345
Earnings per Share (RM Sen)	5.64	5.48

Note:

(1) After deducting the estimated transaction expenses of approximately RM0.75 million incurred in relation to the Subscription, based on an exchange rate of S$1.00 to RM3.1239.

7. OTHER INFORMATION

The Company will be making an application to the SGX-ST for the listing and quotation of the Subscription Shares on Mainboard. 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

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
13 February 2017