

DUTY FREE INTERNATIONAL LIMITED

(Registration No. 200102393E)

PROPOSED ISSUANCE OF AN AGGREGATE OF 20,000,000 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 20,000,000 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 1.75% 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 each of the respective subscription agreements dated 27 July 2016 (the “**Subscription Agreements**”) entered into 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 ^(a) Sub accounts: <ul style="list-style-type: none">Great Eastern Life Assurance (Malaysia) Berhad - LEEFGreat Eastern Life Assurance (Malaysia) Berhad - PAR 1 FUNDGreat Eastern Life Assurance (Malaysia) Berhad - PAR 2 FUNDGreat Eastern Life Assurance (Malaysia) Berhad - PAR 3 FUNDGreat Eastern Life Assurance (Malaysia) Berhad - SHAREHOLDERS FUND	8,000,000 3,400,000 2,000,000 1,500,000 100,000	For investment purposes For investment purposes For investment purposes For investment purposes For investment purposes

2.	Kumpulan Sentiasa Cemerlang Sdn Bhd ^(b) Sub accounts: <ul style="list-style-type: none"> • DB Nominees (Singapore) Pte Ltd Favouring Deutsche Bank Malaysia Berhad A/c Kumpulan Sentiasa Cemerlang Sdn Bhd • CIMB Group Nominees (Asing) Sdn Bhd CIMB Commerce Trustee Bhd for Global Strategic Growth Fund (KSC2) 	1,220,000 160,000	For investment purposes For investment purposes
3.	KSC (S) Pte Ltd ^(c) <ul style="list-style-type: none"> • DB Nominees (Singapore) Pte Ltd Favouring KSC (S) Pte Ltd - Lee Hau Hian • DB Nominees (Singapore) Pte Ltd Favouring KSC (S) Pte Ltd - Anastasia Amanda Beh Gaik Sim 	595,000 355,000	For investment purposes For investment purposes
4.	Meridian Asset Management (Asia) Ltd ^(d) <ul style="list-style-type: none"> • Meridian Asset Management (Asia) Ltd for LGB Realty Sdn Bhd • Meridian Asset Management (Asia) Ltd for Max Premium Investment Limited • Meridian Asset Management (Asia) Ltd for Giles Bien Chia Hsui • Meridian Asset Management (Asia) Ltd for Yap Chew Sun 	86,000 152,000 19,000 13,000	For investment purposes For investment purposes For investment purposes For investment purposes
5.	Oaklands Path Capital Management Limited for OPCM Pathfinder A Fund ^(e)	900,000	For investment purposes
6.	Island Asset Management Pte Ltd for IAM Traditional Asian Growth Fund ^(f)	1,500,000	For investment purposes
	TOTAL	20,000,000	

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 Assurance (Malaysia) Berhad 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 Favouring Deutsche Bank Malaysia Berhad A/c Kumpulan Sentiasa Cemerlang Sdn Bhd, with interest in the Subscription Shares of 1,220,000. 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 160,000.
- (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 have 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 595,000; 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 355,000.
- (d) Meridian Asset Management (Asia) Ltd ("**Meridian Asset**") is a privately owned investment management company registered in Anguilla. Meridian Asset, which has been investing predominantly in listed companies across Asia, provides investment and advisory services to private, corporate and institutional clients. The directors of Meridian Asset are Nicholas Ng Tiong Yee and Alfred Bing Lo, while the major shareholder of Meridian Asset is Nicholas Ng Tiong Yee.

The persons or parties who have beneficial interest in the Subscription Shares subscribed by Meridian Asset consist of high net worth individual and corporate accounts.

(e) Oaklands Path Capital Management Limited (“**OPCM**”):

OPCM is an investment manager company incorporated in Hong Kong in 2014 and has Type 9 (asset management) license issued by the Hong Kong Securities and Futures Commission. The partners of OPCM are experienced investment professionals with close to 40 years of investment experience.

OPCM Pathfinder A Fund (“**OPCM Fund**”):

OPCM Fund was incorporated in the Cayman Islands in 2015. The investors of OPCM Fund are professional investors as defined by the Securities and Futures Ordinance of the Laws of Hong Kong. OPCM Fund is managed by OPCM and is focused on emerging technologies and secular growth trends.

(f) Island Asset Management Pte Ltd (“**IAM**”) for IAM Traditional Asian Growth Fund:

IAM Traditional Asian Growth Fund is domiciled in the Cayman Islands. It is a long-only, absolute return fund which invests in Asian equities. IAM Traditional Asian Growth Fund is exclusively managed by IAM, a registered fund management company licensed by the Monetary Authority of Singapore. IAM’s clients are predominantly accredited individual investors based in South-East Asia.

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 under Rule 812 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (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 3.5% on the value of shares successfully placed out.

3. THE SUBSCRIPTION SHARES

The 20,000,000 Subscription Shares represent approximately 1.75% 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 1.72% 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 0.95% of the volume weighted average price of S\$0.3685 per Share of the Company for trades done on the full market day on 27 July 2016, being the day on which the Subscription Agreements were signed. The Subscription Agreements were signed after market hours on 27 July 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 could 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.

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 each 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) 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 Subscribers; and
- (c) the representations and warranties of the Company and the Subscribers 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 Subscribers 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 increase the Company's public spread and shareholder base, 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\$0.34 million, the net proceeds from the Subscription ("**Net Proceeds**") are estimated to amount to S\$6.96 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\$378,866,998 comprising 1,144,350,393 Shares. Upon completion of the Subscription, the Company's issued and paid-up share capital (excluding treasury shares) will increase to S\$386,166,998 comprising 1,164,350,393 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	1,119,850
Share Capital (RM'000)	979,940	1,001,821*

Note *: Based on an exchange rate of S\$1.00 to RM2.9974 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	396,367 ⁽²⁾
Number of Shares ('000)	1,099,850	1,119,850
NTA per Share (RM Sen)	34.14	35.39

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 RM1.03 million incurred in relation to the Subscription, based on an exchange rate of S\$1.00 to RM2.9974.

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	61,040 ⁽¹⁾
Weighted average number of Shares ('000)	1,099,845	1,119,845
Earnings per Share (RM Sen)	5.64	5.45

Note:

- (1) After deducting the estimated transaction expenses of approximately RM1.03 million incurred in relation to the Subscription, based on an exchange rate of S\$1.00 to RM2.9974.

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

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 Agreements are 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
27 July 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.