



DUTY FREE INTERNATIONAL LIMITED
DUTY FREE INTERNATIONAL LIMITED
(Company Registration No. 200102393E)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES

Unless otherwise defined, all capitalised terms and references used herein shall bear the same meaning ascribed to them in the announcement dated 27 July 2020.

Further to the Company's clarification announcement dated 27 July 2020, the Board of the Company has on 30 July 2020 received the following additional queries from the SGX-ST in relation to its unaudited financial statements for the first quarter ended 31 May 2020 released on 15 July 2020 and sets out its response as follows:

SGX Query 1:

It was disclosed on page 8 of the Financial Statements that, "On 8 April 2020, BWSB requested for a further deferment of the unpaid consideration of RM40.0 million to be paid on or before 15 April 2021 and the interest portion which was due on 15 April 2020 to be paid on or before 15 July 2020." Please disclose the Board's assessment on the recoverability of amount due from Berjaya Waterfront Sdn Bhd of RM 40,443,000, and its basis of assessment.

Company's response:

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. For receivables, the Group applies a simplified approach in calculating ECLs. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Berjaya Waterfront Sdn Bhd ("BWSB") has to-date met its commitment and has paid all the interests due on the amount outstanding since 2014. Furthermore, BWSB is a subsidiary of Berjaya Assets Berhad ("BAB"), a corporation listed on the Bursa Malaysia Securities Berhad; and the amount outstanding is guaranteed by BAB. The Group has assessed the latest performance and financial position of BWSB and BAB ("counterparties"), adjusted for the future outlook of the industry in which the counterparties operate in. The Group measured the impairment loss allowance using general approach of ECL and determined that the ECL is insignificant.

After taking into consideration that the amount outstanding is guaranteed by BAB, BWSB's timely payments of all interests due until to-date and that the ECL is insignificant, the Board is of the opinion that the recoverability of the amount due is highly probable and no impairment is required.

SGX Query 2:

With regard to the further deferment of the unpaid consideration of RM40.0 million and the interest upon the said sum, please clarify if interest continues to be incurred during the deferred period.

Company's response:

With regard to the further deferment of the unpaid consideration of RM40.0 million, interest at 9% per annum continues to be earned by the Group during the deferred period.

SGX Query 3:

With regard to the KMSB Agreement, please disclose whether said agreement has lapsed. If not, please explain why the Company has not terminated the agreement. In addition, please clarify how is the sale consideration under the KMSB Agreement reflected on the balance sheet of the Company.

Company's response:

The KMSB Agreement, an agreement signed between Kelana Megah Sdn Bhd ("KMSB") and Berjaya Waterfront Sdn Bhd ("BWSB"), which was executed on 10 April 2012, has not lapsed yet as at the date of announcement. (Please refer the Company's Circular dated 12 June 2012 pertaining to KMSB Agreement.)

The completion of KMSB Agreement has been extended as KMSB has yet to fulfil certain conditions precedents stipulated in the KMSB Agreement. KMSB Agreement's completion is conditional upon the following conditions precedent of which items (a) to (c) had been completed:

- a) The completion of Darul Metro Sdn Bhd Agreement, which was completed on 15 March 2013;
- b) Execution of the Privatisation Agreement for the Property, which was executed on 27 May 2019;
- c) Approval of the State Government to novate all rights and obligations to BWSB, which was obtained on 28 June 2020; and
- d) The completion of the alienation/transfer to the Majlis Bandaraya Johor Bahru or such other body/authority which the State Government may direct and grant a 99-year lease of the Property which is still currently pending.

In accordance with the terms stipulated in KMSB Agreement, Berjaya Waterfront Sdn Bhd has paid an earnest deposit of RM0.56 million, being 2% of the sale consideration of RM27.99 million upon execution of the KMSB Agreement. This amount is reflected under paragraph 1(b)(vi) "Trade and Other Payables" – Deposit received for the KMSB Agreement in the Company's 1Q FY2021 announcement.

By Order of the Board

Lee Sze Siang
Executive Director
4 August 2020