ANNUAL REPORT 2022

LAPORAN TAHUNAN

DUTY FREE INTERNATIONAL LIMITED (200102393E)

the ZON

CONTENTS

CORPORATE PROFILE AND OUR CORE BUSINESS

Duty Free International Limited ("DFI" and together with its subsidiaries, the "Group"), one of the largest duty free trading group in Malaysia, has established a premium travel retail brand "The Zon" that is strategically located across Peninsular Malaysia. A duty free retail specialist with over 43 years of experience, The Zon has extensive presence at all leading entry and exit points, at international airports, seaports, international ferry terminals, border towns and popular tourist destinations.

DFI has created and defined its own unique and exclusive travel retail concept that offers travellers an extensive premium selection of international brands - imported duty free beverages, tobacco products, chocolates and confectionary products, perfumery, cosmetics and souvenirs. DFI's duty free retail outlets and product mix are individually tailored to serve travellers' preference at every entry and exit point.

DFI's core value is to provide travellers with an exclusive duty free shopping experience beyond expectations by having the highest standards of customer service, retail execution and exquisite product offering. To ensure that DFI delivers the highest standards of customer service, the Group continuously reviews and develops its core propositions to meet and manage the ever-changing market trends and consumer demands.

In addition to the Group's trading of duty free goods and non-dutiable merchandise, DFI owns the Black Forest Golf and Country Club and an oil palm plantation. The combined land mass of the sprawling 18-hole Golf and Country Club and oil palm plantation assets adds up to more than 700 acres, all of which are strategically located near the Malaysia-Thailand border at Bukit Kayu Hitam.

OUR PRESENCE

As at 1 June 2022

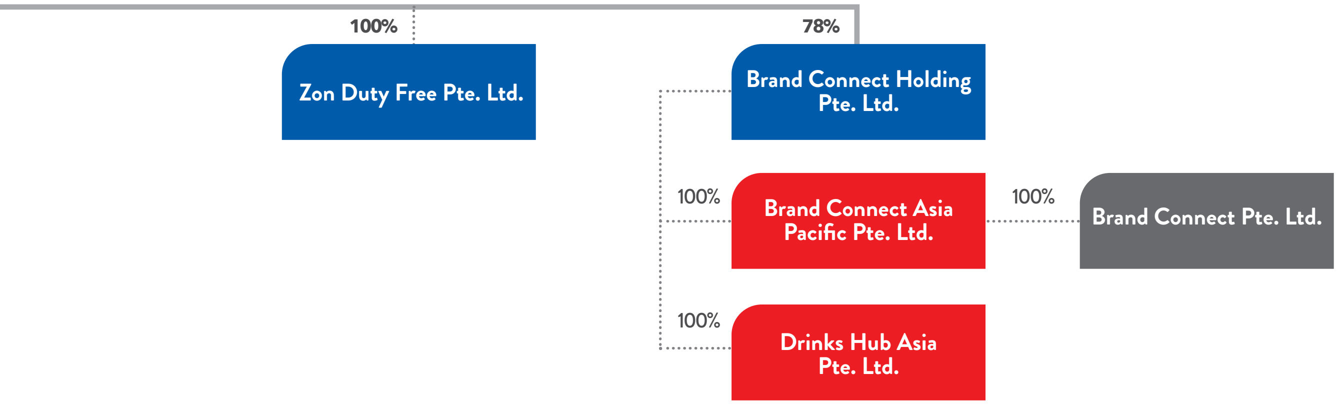
CORPORATE STRUCTURE

As at 1 June 2022

DUTY FREE INTERNATIONAL LIMITED (200102393E)

- 100% **DFZ Capital Sdn. Bhd.**
  - 100% Selasih Ekslusif Sdn. Bhd.
  - 100% Winner Prompt Sdn. Bhd.
  - 100% DFZ Trading Sdn. Bhd.
    - 100% DFZ Utara Sdn. Bhd.
    - 100% DFZ Duty Free Supplies Sdn. Bhd.
    - 100% Jasa Duty Free Sdn. Bhd.
    - 100% Zon Emporium Sdn. Bhd.
    - 100% Jelita Duty Free Supplies Sdn. Bhd.
    - 100% DFZ Duty Free (Langkawi) Sdn. Bhd.
    - 100% Cergasjaya Sdn. Bhd.
    - 69.89% DFZ (M) Sdn. Bhd.
    - 51% Melaka Duty Free Sdn. Bhd.
    - 29.30% DFZ Emporium Sdn. Bhd.
    - 28.60% Wealthouse Sdn. Bhd.
  - 69.90% Emas Kerajang Sdn. Bhd.
  - 69.80% Seruntun Maju Sdn. Bhd.
- 100% **Orchard Boulevard Sdn. Bhd.**
  - 100% Tenggara Senandung Sdn. Bhd.
  - 100% Kelana Megah Sdn. Bhd.
  - 100% Cergasjaya Properties Sdn. Bhd.
  - 100% Black Forest Golf And Country Club Sdn. Bhd.
  - 100% Gold Vale Development Sdn. Bhd.
  - 100% DFZ Asia Sdn. Bhd.
    - 1% PT DFZ Indon
  - 99% PT DFZ Indon
- 100% **Darul Metro Sdn. Bhd.**
  - 100% Binamold Sdn. Bhd.

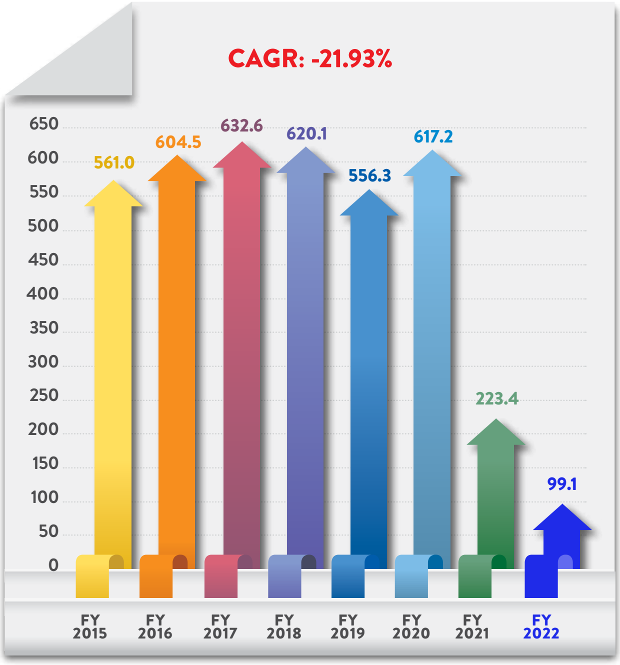
CORPORATE STRUCTURE
As at 1 June 2022



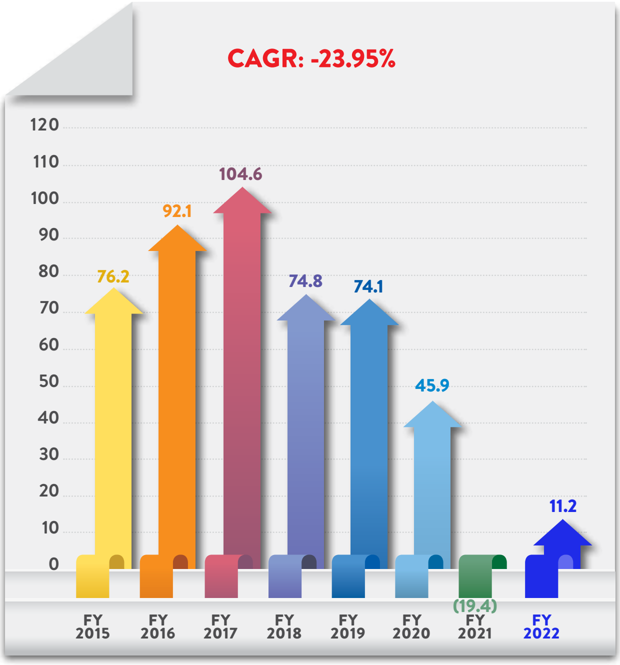
FINANCIAL HIGHLIGHTS

Year ended 28/29 February

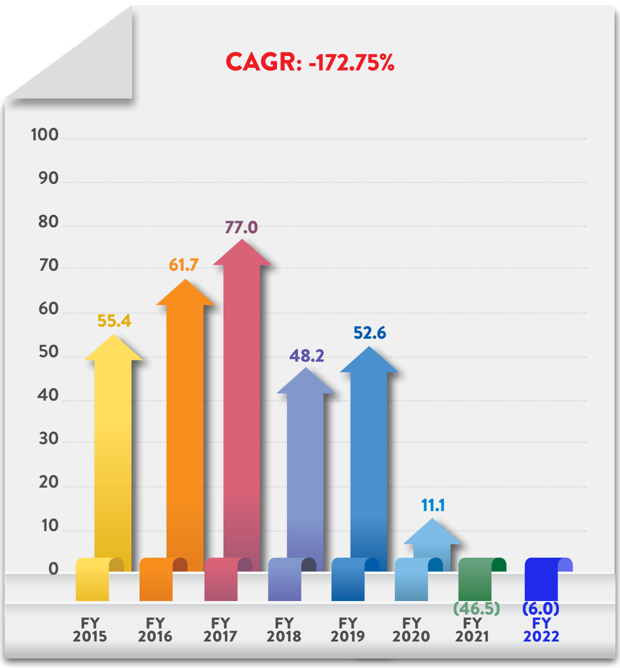
REVENUE (RM'MILLION)



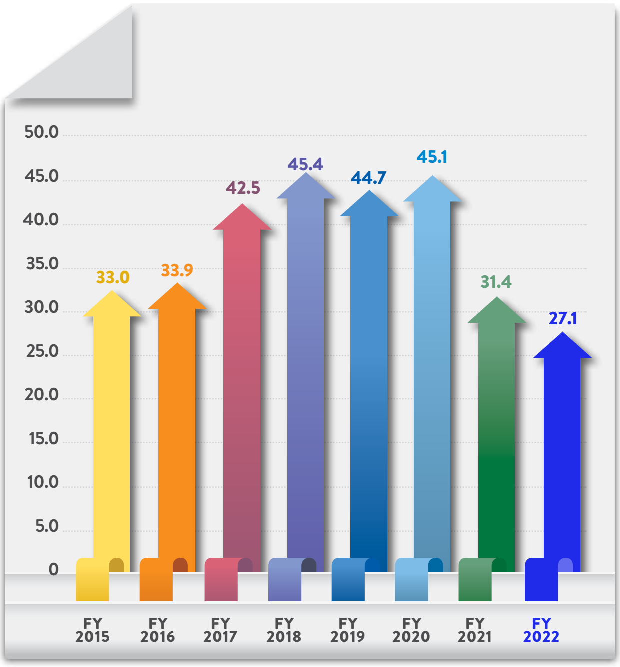
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (BEFORE EXCEPTIONAL ITEMS) (RM'MILLION)



PROFIT AFTER TAX (RM'MILLION)

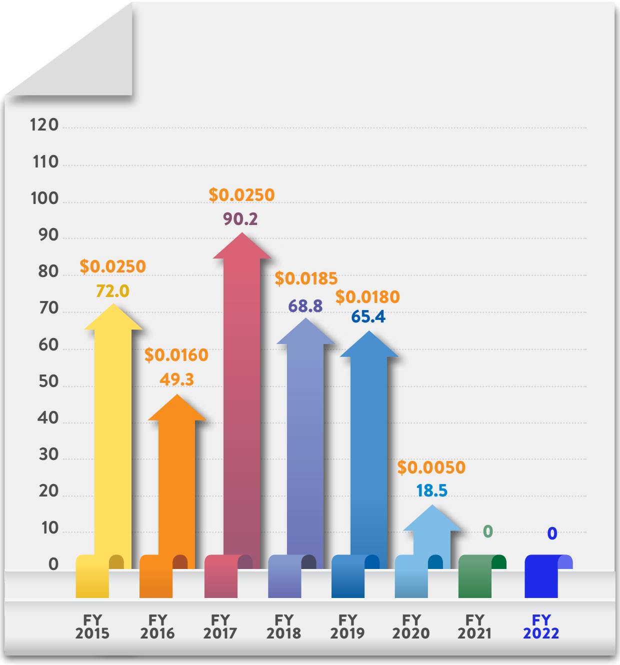


NET TANGIBLE ASSETS PER SHARE (RM SEN)

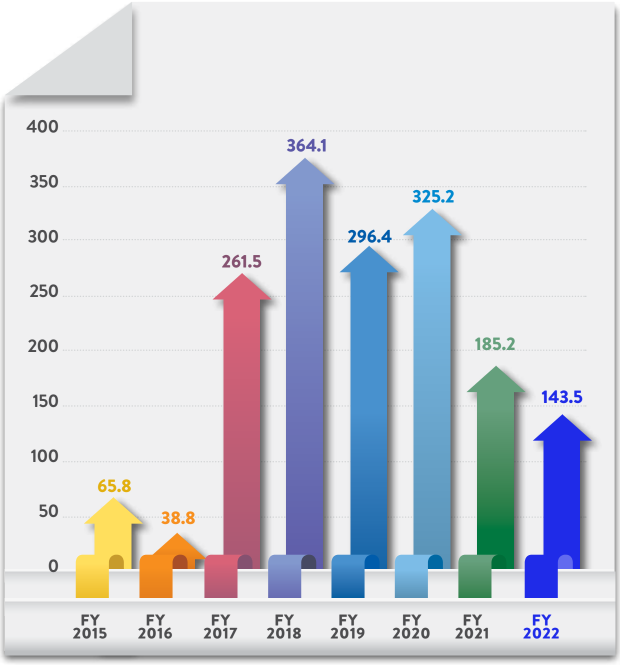


DIVIDEND PAYOUT (RM'MILLION)

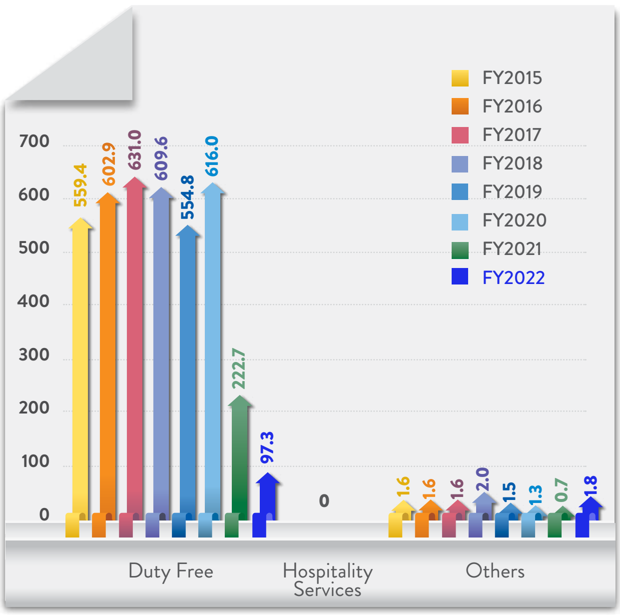
■ DIVIDEND PER SHARE IN SGD



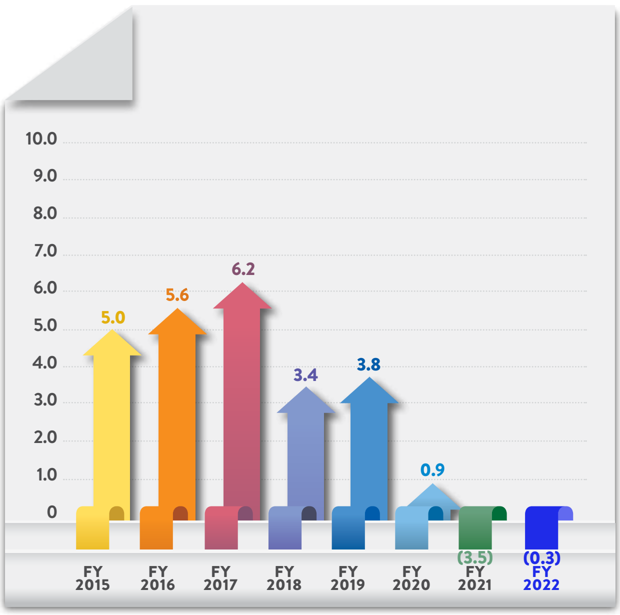
CASH AND CASH EQUIVALENTS (RM'MILLION)



REVENUE BY OPERATING SEGMENTS (RM'MILLION)



BASIC EARNINGS PER SHARE (RM SEN)



CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Duty Free International Limited ("DFI" or "Company", and together with its subsidiaries, the "Group"), I am pleased to present you our annual report for the financial year ended 28 February 2022 ("FY2022").

ECONOMIC AND BUSINESS OVERVIEW

The adverse impact of the COVID-19 continued into year 2021, with unprecedented challenges to the global economy and social environment and in particular to the global travel related industry. Consequently, FY2022 was yet another challenging year as the Group navigated its business through the prolonged COVID-19 pandemic. In FY2022, the Group's operations continued to be negatively impacted with the extended closure of certain outlets, stringent lockdown measures and movement restrictions. Nonetheless, the Group managed to weather through the challenges brought about by the pandemic and had improved its financial performance amid the challenging operating environment with disciplined cost containment and cash preservation measures to ensure our financial position remains strong and robust. While ensuring the sustainability of our business, we had remained steadfast in safeguarding the well-being of our employees and people within the area of our business operations.

FINANCIAL PERFORMANCE

The extended closure of international borders and movement restrictions arising from the measures taken to curb the spread of the COVID-19 pandemic had resulted in a decline of the Group's revenue for FY2022 as compared to the preceding financial year ended 28 February 2021 ("FY2021"). For FY2022, the Group recorded a revenue of RM99.1 million which was a decrease of 55.6% as compared to the revenue achieved for FY2021 of RM223.4 million. Despite achieving a lower revenue in FY2022, the Group recorded a lower net loss of RM6.0 million as compared to a net loss of RM46.5 million in FY2021, i.e., a favorable variance of RM40.5 million. The improved results in FY2022 as compared to the preceding financial year was mainly due to lower operational expenses, in particular, lower employee benefit expenses and rental expenses arising from the Group's effective cost optimisation measures and closure of certain outlets, coupled with higher net foreign exchange gain. The high net loss recorded in FY2021 was also due to non-cash items such as impairment of goodwill of RM11.5 million and inventories written down of RM2.6 million, which were now absent in FY2022.

The Group continued to maintain a strong balance sheet and a healthy cash position with net assets of RM330.8 million and cash and bank balances of RM153.4 million as at 28 February 2022. The Group's strong financial position continues to provide a conducive business environment for long-term stability and at the same time, provide the Group the ability to pursue business opportunities when potential prospects arise.

ACQUISITION OF SHARES FROM HEINEMANN ASIA PACIFIC PTE. LTD.

On 7 December 2021, the Company announced that it had entered into a termination deed with Heinemann Asia Pacific Pte. Ltd. ("HAP") to acquire 31,494,575 ordinary shares in DFZ Capital Sdn. Bhd. ("DFZ"), which is an existing subsidiary of the Company for a consideration sum of RM45.8 million. The termination deed also provided for the termination of ancillary agreements entered into between DFZ and HAP relating to the supply of duty free products. Upon completion of the acquisition on 7 December 2021, DFZ became a wholly-owned subsidiary of the Company.

The acquisition by the Company was part of the Group's business optimisation strategy in the current business environment to have absolute control in the conduct of DFZ Group's businesses and affairs.

USE OF PROCEEDS FROM SHARE PLACEMENT EXERCISES

DFI has on 7 December 2021 utilised USD10.93 million (or approximately SGD14.91 million) of the net proceeds from share placement to acquire 31,494,575 ordinary shares in DFZ as mentioned above and another USD1.53 million (or approximately SGD2.09 million) for the payment of trade payables due to HAP. The Company will continue to make periodic announcements on the utilisation of the remaining balance of the net proceeds amounting to SGD20.52 million as and when the fund is to be materially disbursed.

OUTLOOK AND STRATEGY

Malaysia's economy is showing signs of a gradual recovery, thanks to the authorities' impressive vaccine rollout, swift and coordinated implementation of multi-pronged economic policy support measures. The International Monetary Fund ("IMF") reported that Malaysia's real GDP growth was at 3.1 percent in 2021 and projected to accelerate to about 5.75 percent in 2022. The recovery nevertheless remains uneven and the output gap sizeable with significant downside risks. [1]

This year, as the world starts to slowly pivot to recovery and reopening of economies and borders, it remains clear that international travel is unlikely to resume to pre-pandemic levels in year 2022. According to a data analytics company, GlobalData[2], tourism will recover by year 2023 as normalcy

Sources :

1 *https://www.imf.org/en/Publications/CR/Issues/2022/04/28/Malaysia-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-517398*

2 *https://insideretail.asia/2021/12/20/globaldata-predicts-asias-duty-free-market-will-recover-by-2023/*

returns to the market and consumer demand increases. Nonetheless, the global travel retail outlook remains contingent on the path of the pandemic, global supply chain disruptions as well as risks surrounding the global growth outlook amid the military conflict in Ukraine. COVID-19's adverse effect is still expected to reverberate across our society even with the gradual easing of the world and country into accepting the COVID-19 as endemic.

Nevertheless, although the Group expects the business environment in which it operates to remain challenging for the next few quarters, we are cautiously optimistic that our operations and financial performance will gradually improve over the next few months of the financial year ending 28 February 2023 as the world starts to learn to live in the environment of COVID-19 endemicity. With strong measures already put in place as a result of the Group's re-positioning initiatives, we look forward to gradually recover and eventually regain our lost ground, and continue to improve thereafter. We remain focused on strategic planning, resource allocation and prioritize effective cost management, as the Group readies itself to gear up towards a broader semblance of normal in time to come.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to convey my sincerest appreciation and gratitude to all our shareholders, bankers, suppliers, business partners, customers and the various government agencies for your solid and valuable support, confidence, advice and guidance to the Group throughout the year. I also wish to extend our sincere gratitude to our dedicated team of management and employees for their steadfast support and commitment to ride together with the Group through this challenging period.

Last but not least, I would also like to thank my fellow Board members for their dedication, invaluable advice and guidance throughout the financial year in ensuring the successful execution of the Group's strategies in overcoming the challenges in this tough business environment.

Thank You.

Adam Sani Abdullah
Non-Executive Chairman
Duty Free International Limited

PENYATA
PENGERUSI

PARA PEMEGANG SAHAM

Bagi pihak Lembaga Pengarah Kumpulan Duty Free International Limited ("DFI" atau "Syarikat") dan bersama-sama dengan anak-anak syarikatnya ("Kumpulan DFI"), saya ingin membentangkan Laporan Tahunan Kewangan bagi tahun berakhir 28 Februari 2022 ("tahun kewangan 2022").

TINJAUAN EKONOMI DAN PERNIAGAAN

Kesan buruk COVID-19 berterusan sehingga tahun 2021, dengan cabaran-cabaran yang belum pernah berlaku sebelum ini terhadap ekonomi global dan persekitaran sosial, khususnya kepada industri berkaitan pelancongan global. Akibatnya, tahun kewangan 2022 merupakan satu lagi tahun yang mencabar bagi Kumpulan DFI dalam mengemudi perniagaaannya demi mengharungi pandemik COVID-19 yang berpanjangan. Di dalam tahun kewangan 2022, operasi-operasi Kumpulan DFI terus terjejas teruk disebabkan oleh penutupan beberapa outlet yang berlanjutan, langkah-langkah sekatan yang ketat dan sekatan pergerakan. Namun begitu, Kumpulan DFI berjaya mengharungi cabaran semasa tempoh penularan wabak dan telah meningkatkan prestasi kewangannya walaupun di tengah-tengah persekitaran operasi yang mencabar dengan kawalan kos yang berdisiplin serta langkah-langkah pemeliharaan tunai, demi memastikan kedudukan kewangan kekal kukuh dan teguh. Semasa memastikan kemampanan perniagaan, kami tetap teguh dalam menjaga kesejahteraan pekerja-pekerja dan orang-orang di sekitar operasi perniagaan kami.

PRESTASI KEWANGAN

Penutupan lanjutan sempadan antarabangsa dan sekatan pergerakan yang dikenakan bagi membendung penularan wabak COVID-19 telah mengakibatkan penurunan hasil perolehan Kumpulan DFI untuk tahun kewangan 2022 berbanding tahun kewangan sebelumnya yang berakhir 28 Februari 2021 ("tahun kewangan 2021"). Bagi tahun kewangan 2022, Kumpulan DFI mencatatkan perolehan sebanyak RM99.1 juta iaitu penurunan sebanyak 55.6% berbanding perolehan yang dicapai pada tahun kewangan 2021 iaitu sebanyak RM223.4 juta. Meskipun mencapai perolehan yang lebih rendah di dalam tahun kewangan 2022, Kumpulan DFI telah merekodkan kerugian bersih yang lebih kecil iaitu sebanyak RM6.0 juta, berbanding dengan kerugian bersih sebanyak RM46.5 million pada tahun kewangan 2021, iaitu varian yang menggalakkan sebanyak RM40.5 juta. Keputusan yang lebih baik pada tahun kewangan 2022 berbanding tahun kewangan sebelumnya disebabkan oleh perbelanjaan operasi yang lebih rendah khususnya, pengurangan perbelanjaan faedah pekerja dan perbelanjaan sewa yang timbul daripada langkah pengoptimuman kos yang berkesan oleh Kumpulan DFI serta penutupan cawangan tertentu, ditambah pula dengan keuntungan pertukaran asing bersih yang lebih tinggi. Kerugian bersih yang tinggi dicatatkan pada tahun kewangan 2021 juga disebabkan oleh perkara-perkara bukan tunai seperti rosot nilai muhibah sebanyak RM11.5 juta dan penurunan nilai inventori sebanyak RM2.6 juta, yang kini tiada dalam tahun kewangan 2022.

Kumpulan DFI terus mengekalkan kunci kira-kira yang kukuh dan kedudukan tunai yang sihat dengan aset bersih sebanyak RM330.8 juta dan tunai serta baki di bank sebanyak RM153.4 juta pada 28 Februari 2022. Kedudukan kewangan Kumpulan DFI yang kukuh terus menyediakan persekitaran perniagaan yang kondusif untuk kestabilan jangka panjang dan pada masa yang sama, dapat memberikan Kumpulan DFI keupayaan untuk mengejar peluang perniagaan apabila prospek berpotensi muncul kelak.

PEMEROLEHAN SAHAM DARIPADA HEINEMANN ASIA PACIFIC PTE LTD.

Pada 7 Disember 2021, Syarikat mengumumkan bahawa ia telah menandatangani surat penamatan ikatan dengan Heinemann Asia Pacific Pte. Ltd. ("HAP") untuk memperolehi 31,494,575 saham biasa di dalam DFZ Capital Sdn. Bhd. ("DFZ"), yang merupakan anak syarikat sedia ada DFI dengan jumlah balasan sebanyak RM45.8 juta. Surat penamatan ikatan juga disediakan bagi menamatkan perjanjian sampingan yang dimeterai antara DFZ dan HAP berkaitan pembekalan produk bebas cukai. Setelah selesai pengambilalihan pada 7 Disember 2021, DFZ telah menjadi anak syarikat milik penuh DFI.

Pengambilalihan oleh Syarikat adalah sebahagian daripada strategi pengoptimuman perniagaan Kumpulan DFI dalam situasi perniagaan masa kini untuk mempunyai kawalan mutlak dalam pengendalian perniagaan dan hal ehwal Kumpulan DFZ.

PENGGUNAAN HASIL DARIPADA PENEMPATAN SAHAM

Pada 7 Disember 2021, DFI telah menggunakan sebanyak AS$10.93 juta (atau kira-kira SGD14.91 juta) daripada hasil bersih penempatan saham bagi memperolehi kira-kira 31,494,575 saham biasa di dalam DFZ seperti yang dinyatakan di atas dan AS$1.53 juta lagi (atau kira-kira sebanyak SGD2.09 juta) sebagai pembayaran pemiutang perdagangan kepada HAP. Syarikat akan terus membuat pengumuman berkala mengenai penggunaan baki hasil bersih yang tinggal berjumlah SGD20.52 juta apabila dana itu akan dikeluarkan secara material kelak.

TINJAUAN DAN STRATEGI

Ekonomi Malaysia menunjukkan tanda-tanda beransur pulih hasil dari pemberian vaksin yang mengagumkan oleh pihak berkuasa, pelaksanaan langkah-langkah sokongan dasar ekonomi pelbagai serampang yang pantas dan selaras.

Tabung Kewangan Antarabangsa (“IMF”) melaporkan bahawa pertumbuhan KDNK sebenar Malaysia adalah pada 3.1 peratus untuk tahun 2021 dan diunjurkan meningkat kepada kira-kira 5.75 peratus pada tahun 2022. Walau bagaimanapun, kadar pemulihan masih tidak sekata dan jurang keluaran yang besar dengan risiko penurunan yang ketara.[1]

Pada tahun ini, apabila dunia mula perlahan-lahan beralih kepada pemulihan dan pembukaan semula ekonomi dan sempadan, ia masih jelas bahawa perjalanan antarabangsa mungkin tidak akan dapat dicapai ke tahap seperti pra-pandemik pada tahun 2022. Menurut syarikat analisis data, GlobalData[2], pelancongan hanya akan pulih menjelang tahun 2023 apabila keadaan pasaran kembali normal dengan peningkatan permintaan daripada pengguna. Walaubagaimanapun, tinjauan runcit perjalanan global kekal bergantung kepada keadaan wabak, gangguan rantaian bekalan global serta risiko yang mengelilingi prospek pertumbuhan global, di tengah-tengah konflik ketenteraan di Ukraine. Kesan buruk COVID-19 masih dijangka terus berlegar-legar di seluruh masyarakat kita walaupun dengan pelonggaran beransur-ansur antarabangsa dan negara untuk menerima COVID-19 sebagai endemik.

Namun begitu, walaupun Kumpulan DFI menjangkakan persekitaran perniagaan di mana ia beroperasi akan kekal mencabar untuk beberapa suku akan datang, kami dengan berhati-hati optimis bahawa operasi dan prestasi kewangan kami akan bertambah baik secara beransur-ansur dalam beberapa bulan akan datang pada tahun kewangan berakhir 28 Februari 2023 apabila dunia mula belajar untuk menyesuaikan diri dengan persekitaran endemik COVID-19. Dengan langkah-langkah kukuh yang telah dilaksanakan hasil daripada inisiatif penyusunan semula Kumpulan DFI, kami berharap untuk pulih secara beransur-ansur dan akhirnya memperoleh semula kedudukan yang telah hilang sebelum ini, dan terus bertambah baik selepas itu. Kami kekal fokus pada perancangan strategik, peruntukan sumber dan mengutamakan pengurusan kos yang berkesan, sebagai perancangan bersiap sedia ke arah norma sediakala pada masa akan datang.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin menyampaikan setinggi-tinggi penghargaan dan terima kasih kepada semua pemegang saham, pihak bank, pembekal, rakan kongsi perniagaan, pelanggan dan pelbagai agensi kerajaan atas sokongan, keyakinan, nasihat dan bimbingan yang berharga kepada Kumpulan DFI sepanjang tahun ini. Saya juga ingin merakamkan ucapan terima kasih yang tulus ikhlas kepada pasukan pengurusan dan kakitangan kami yang berdedikasi di atas sokongan dan komitmen padu mereka bersama-sama dengan Kumpulan DFI melalui tempoh yang mencabar ini. Akhir sekali, saya juga ingin mengucapkan ribuan terima kasih kepada rakan-rakan ahli Lembaga Pengarah atas dedikasi, nasihat dan bimbingan yang tidak ternilai sepanjang tahun kewangan ini dalam memastikan kejayaan pelaksanaan strategi Kumpulan DFI untuk mengatasi cabaran dalam persekitaran perniagaan yang begitu sukar ini.

Terima Kasih.

Adam Sani Abdullah
Pengerusi Bukan Eksekutif
Duty Free International Limited

Sumber :

1 *https://www.imf.org/en/Publications/CR/Issues/2022/04/28/Malaysia-2022-Article-IV Consultation-Press-Release-Staff-Report-and-Statement-by-the-517398*

2 *https://insideretail.asia/2021/12/20/globaldata-predicts-asias-duty-free-market-will-recover-by-2023/*

BOARD OF DIRECTORS

DATO' SRI ADAM SANI ABDULLAH

Non-Executive Chairman

Dato' Sri Adam Sani Abdullah, a Malaysian citizen, is the Non-Executive Chairman of the Board. He is a self-made entrepreneur for more than 43 years. In 2000, he acquired a controlling stake in Atlan Holdings Bhd ("Atlan"), and was subsequently appointed as chairman and non-executive director of Atlan in June 2000 and subsequently re-designated as Executive Chairman on 14 January 2022. Atlan is listed on Bursa Malaysia and its subsidiaries are involved in a wide array of businesses in duty free trading and retailing, property development, investment and hospitality as well as manufacturing of automotive component parts.

MR LEE SZE SIANG

Executive Director
(Finance and Corporate Services)

Mr Lee Sze Siang, a Malaysian citizen, is the Executive Director (Finance and Corporate Services) of the Company and is responsible for the Group's financial management and corporate services function. He currently also is tasked with executing strategic business directions set by the Board, and overseeing the operations and business development of the Group. He is presently the finance director and an executive director of Atlan. He was appointed as the executive director of Atlan on 16 June 2000, re-designated as a non-executive director on 27 December 2004 and subsequently re-designated as an executive director of Atlan on 8 October 2008. He holds a professional qualification from the Australian Society of Certified Practising Accountants. He is also a member of the Malaysian Institute of Accountants. Previously, he was with KPMG, a public accounting firm. He obtained a Bachelor of Economics degree from Monash University in 1994.

GENERAL TAN SRI DATO' SERI MOHD AZUMI BIN MOHAMED (RETIRED)

Lead Independent Director

General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired), a Malaysian Citizen, joined the Board as an Independent Director and was appointed as the Lead Independent Director on 7 January 2011 and 28 May 2014 respectively. He holds a Master of Science in National Resource and Strategy from the Dwight D Eisenhower School For National Security and Resource National Defense University Washington DC. He is the current Chairman of Cyber Security Malaysia, an agency under the Ministry of Multimedia and Communications Malaysia. He is also the Advisor to the Organization of Islamic Cooperation Computer Emergency Response Team and its Past Chairman. He also sits on several private companies in the Construction, Food Industry and Event Management.

DATO' MEGAT HISHAM BIN MEGAT MAHMUD

Independent Director

Dato' Megat Hisham bin Megat Mahmud, a Malaysian citizen, joined the Board as an Independent Non-Executive Director on 9 July 2013. Dato' Megat holds a Bachelor Degree in Economics (Hons) from University of Malaya and has more than 30 years of experience in the financial and banking sector.

He started his career in Treasury Department of a large local bank in 1980 before moving on to PROTON as the deputy manager of international finance. In 1989 he joined the Amanah Capital Group and spent a decade in Amanah Merchant Bank Berhad, finally holding the position of Deputy General Manager of the Treasury Department. He was transferred within the Group and appointed as the Executive Director of Malaysia Discounts Berhad (Discount House) and subsequently to Amanah Short Deposits Berhad (Discount House). To fulfil the Group's aspiration of establishing a foothold in investment banking, he was tasked to lead the formation and thereafter helmed MIDF Amanah Investment Bank Berhad as it's first Chief Executive Officer in 2005. He served the investment bank for 6 years until his early retirement in 2011.

MR CHEW SOO LIN

Independent Director

Mr Chew Soo Lin, a Singapore citizen, joined the Board as an Independent Director on 26 August 2011. He qualified as an UK Chartered Accountant in 1971 and worked for international audit firms in England and Singapore till 1978. He then joined the Khong Guan group of companies and gained experience managing various food manufacturing and trading companies located all over Asia. He is currently the executive chairman of Khong Guan Limited and is also an independent director and audit committee member of Asia-Pacific Strategic Investments Limited, MTQ Corporation Limited and Kim Hin Joo (Malaysia) Berhad.

KEY MANAGEMENT TEAM

MR LEE SZE SIANG

Executive Director
(Finance and Corporate Services)

Mr Lee Sze Siang, a Malaysian citizen, is the Executive Director of the Group. He joined the Group as Executive Director (Finance and Corporate Services) in year 2010 and is responsible for the Group's financial management and corporate services function. He currently also is tasked with executing strategic business directions set by the Board, and overseeing the operations and business development of the Group. Please refer to the profile of Mr Lee set out in the section entitled "Board of Directors" of this Annual Report for more information.

MS CHEAH IM BEE

Financial Controller

Ms Cheah Im Bee, a Malaysian Citizen, is the Financial Controller of the Group. She joined the Group as Financial Controller in year 2006 and is responsible for overseeing the functions of the finance department.

MR STUART SAW TEIK SIEW

Assistant General Manager – Group Merchandising

Mr Stuart Saw Teik Siew, a Malaysian citizen, is the Assistant General Manager – Group Merchandising of the Group. He joined the Group in year 2004 and is responsible for the Group's procurement of duty free merchandise.

MS OOI POAY HOON

Senior Manager - Group Merchandising & Marketing

Ms Ooi Poay Hoon, a Malaysian Citizen, is the Senior Manager - Group Merchandising & Marketing of the Group. She joined the Group in year 2022 and is responsible for the Group's procurement for duty free core products and overseeing the activities of the marketing department of the Group.

MS TEE LAY YEN

Senior Manager - Human Resources

Ms Tee Lay Yen, a Malaysian Citizen, is the Senior Manager - Human Resources of the Group. She joined the Group in year 2017 and is responsible for the full spectrum of Group human resources functions including planning, execution of recruitment and retention strategies, training and development, employee relations, performance management, compensation and benefits and payroll administration.

She is also responsible for developing and maintaining a productive workforce to support the Group's business operations.

MR NG CHUN HOW

Group Manager – Admin, Warehousing & Logistics

Mr Ng Chun How, a Malaysian Citizen, is the Group Manager - Admin, Warehousing & Logistics of the Group. He joined the Group in year 1997 and is responsible for the Group's administration, warehousing and logistics.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Adam Sani bin Abdullah
(Non-Executive Chairman)

Mr Lee Sze Siang
(Executive Director)

General Tan Sri Dato' Seri Mohd Azumi bin Mohamed
(Retired)
(Lead Independent Director)

Dato' Megat Hisham bin Megat Mahmud
(Independent Director)

Mr Chew Soo Lin
(Independent Director)

AUDIT COMMITTEE

Dato' Megat Hisham bin Megat Mahmud *(Chairman)*
General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired)
Mr Chew Soo Lin

NOMINATING COMMITTEE

General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) *(Chairman)*
Dato' Sri Adam Sani bin Abdullah
Mr Chew Soo Lin

REMUNERATION COMMITTEE

General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) *(Chairman)*
Dato' Sri Adam Sani bin Abdullah
Dato' Megat Hisham bin Megat Mahmud

COMPANY SECRETARY

Ms Thum Sook Fun

REGISTERED OFFICE

138 Cecil Street
#12-01A Cecil Court
Singapore 069538
Tel No : (65) 6534 0181
Fax No : (65) 6725 0522

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07, Keppel Bay Tower
Singapore 098632

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

PARTNER-IN-CHARGE

Ms Lee Lai Hiang
(Date of appointment: since financial year ended 28 February 2019)

PRINCIPAL BANKERS

Affin Bank Berhad
Alliance Bank Malaysia Berhad
Bank of China (Malaysia) Berhad
Citibank Berhad
CIMB Bank Berhad
DBS Bank Ltd
Deutsche Bank AG
Industrial and Commercial Bank of China (Malaysia) Berhad
Malayan Banking Berhad
United Oversea Bank Limited


BIOTHERM

SUSTAINABILITY
REPORT

BOARD OF DIRECTORS' STATEMENT

On behalf of the Board of Directors ("Board") of Duty Free International Limited ("DFI"), together with its subsidiaries ("the Group"), I am pleased to present to you our fifth annual Sustainability Report for the financial year ended 28 February 2022 ("FY2022").

The challenges brought forth across the world by the COVID-19 pandemic were unprecedented. Though the Group expects its business operations to continue to be impacted by the ongoing pandemic for the next financial year, it expects Asia-Pacific's travel related industry to bounce back gradually in the coming years. According to data analytics company GlobalData[1], tourism will recover as normalcy returns to the market and customer demand increases by 2023.

Despite the highly challenging year, the Group never lost sight of sustainability throughout the pandemic but instead continued to navigate its business through the COVID-19 pandemic and has undertaken unrelenting efforts to ensure the well-being of the Group's employees and customers.

On reflection, the Group believes this challenging time catalysed DFI, moving us from promise to action. The pandemic forced the Group to focus and prioritise, make quick decisions and engage even more fully with our customers and suppliers.

With so much happening recently, the Group had reacquainted with its stakeholders. Conducting a new materiality assessment helped the Group understand how their preferences have evolved so that the Group can open with greater confidence. Seventeen material issues were identified during this assessment. The Group hopes to become essential for all stakeholders, including employees, customers, business partners and investors, by contributing to a better tomorrow in the communities the Group is privileged to serve.

Consumer behaviour and shopping habits have changed significantly in recent years. DFI is committed to operating its business sustainably, pursuing business growth and stability in a socially and environmentally responsible manner. This broad commitment covers the Group's journey to nurture talent, provide a safe working and retail environment, operate ethically and conserve the environment. We are proud to share our achievements in each area in this statement.

The Board would like to extend its sincere thanks and appreciation to all our business partners, customers, employees, shareholders and other stakeholders for placing their trust in the Group. We sincerely look forward to everyone's continued support.

On behalf of the Board of Directors

Lee Sze Siang
Executive Director

[1] *Source : https://insideretail.asia/2021/12/20/globaldata-predicts-asias-duty-free-market-will-recover-by-2023/*

ABOUT DUTY FREE INTERNATIONAL LIMITED ("DFI")

DFI Group is the largest local duty free retailing Group in Malaysia with more than 43 years of experience and a strategic presence in all leading entry and exit points in Peninsular Malaysia. In the financial year ended 28 February 2022 ("FY2022"), the Group operates duty free retail outlets, complexes and trading outlets throughout Peninsular Malaysia, including Johor Bahru, Bukit Kayu Hitam, Kuala Lumpur International Airport, Senai International Airport, Padang Besar and Langkawi.

DFI's core values provide travellers with an exclusive duty free shopping experience beyond their expectations. The Group delivers the highest customer service standards and retail execution, offering an extensive premium selection of international brands of imported duty free beverages, tobacco products, chocolates and confectionery products, perfumery, cosmetics and souvenirs.

DFI Group also owns the Black Forest Golf and Country Club and an oil palm plantation, strategically located near the Malaysia-Thailand border at Bukit Kayu Hitam, which complement the Group's retailing business.

Duty Free Outlet at Langkawi, Pantai Cenang Outlet

ABOUT THIS SUSTAINABILITY REPORT

Welcome to DFI's Sustainability Report for FY2022!

Measuring, managing and integrating DFI's transparent sustainability ambitions into the Group's business are essential components of DFI's annual reporting process.

This Sustainability Report is DFI's fifth annual report and forms part of the Group's annual reporting suite for FY2022, including the Annual Report and Financial Statements. Together, these documents provide a comprehensive representation of DFI's performance, activities and outlook.

DFI's Sustainability Report for FY2022 ("SR2022") discloses sustainability framework topics while catering to stakeholders' differing needs concerning its sustainability programmes. This report outlines the influence of sustainability on DFI Group's business priorities and details its response, roadmap, progress measurements, and approach to managing each sustainability priority. This annual disclosure highlights the Group's achievement concerning specific goals and targets.

REPORTING REALM

The Group reports its sustainability performance following globally recognised standards and principles to help stakeholders make informed decisions in these areas.

This sustainability report follows the Global Reporting Initiative (GRI) Sustainability Reporting Standards: Core Option and the Singapore Exchange's Practice Note 7.6 Sustainability Reporting Guide. These frameworks deliver the most comprehensive set of sustainability reporting standards.

Internal data monitoring and verification ensure the accuracy of all disclosed information. The Group's Sustainability Committee and Board of Directors reviewed the statement to ensure the accuracy and completeness of reporting. The GRI Index defines the scope and boundaries of the Sustainability Report, leading readers to information on relevant disclosures defined by the GRI Standards.

DFI Group is fully committed to the United Nations Sustainable Development Goals ("UNSDG"). DFI has selected and published its commitment in this report.

REPORTING SCOPE AND BOUNDARIES

This report covers DFI and its subsidiaries, of which DFI has managerial control; the coverage corresponds to the Corporate Structure as illustrated on pages 4 and 5.

Unless otherwise indicated, standard disclosures include all operations that can potentially affect the Group's performance. We provide consolidated data wherever possible, analogous to the financial year reporting. This boundary applies to all material topics covered in this Sustainability Statement unless indicated otherwise. DFI has not restated any information or data published in previous reports.

The report highlights the material matters relating to DFI's stakeholders as plotted on the materiality matrix. Our sustainability framework reflects the sustainability issues most relevant to DFI and its value chain based on updated materiality analysis.

REPORTING PERIOD

Unless otherwise stated, this disclosure includes all information and data pertaining to activities undertaken from 1 March 2021 to 28 February 2022. The Group's last sustainability report was published on 29 July 2021.

INTERNAL REVIEW OF THE REPORT

The content of this report has been reviewed by the Group's internal auditors prior to presentation to the Board.

FEEDBACK

We welcome stakeholders' feedback on our sustainability efforts as it helps improve our future sustainability reporting and performance. If you would like to get in touch, please contact office@dfi.com.sg.

DFI'S SUSTAINABILITY JOURNEY AND HOW DFI CREATES VALUE

The year 2021 was once again defined by the global COVID-19 pandemic, which has disrupted businesses worldwide in unprecedented ways and affected the fabric of all human lives. The Group's business continued to be severely impacted by the ongoing COVID-19 pandemic in FY2022. It caused the Group to take exceptional measures to ensure the well-being of its employees while operating its business sustainably in a socially and environmentally responsible manner as the Group adapted itself to ensure business continuity.

DFI's accomplishments surpasses commercial and financial performance as its business activities also impact the Group's communities. Developing attractive shopping environments helps improve travellers' overall experience and growth opportunities that benefit brands, airports and travellers. DFI also has a social obligation to create stakeholder value.

The Group achieved this by focusing on areas where opportunities for the Group's business intersect with positive social and environmental impact. DFI creates lasting value for shoppers and employees, community, organisation and environment.

DFI defines its approach to sustainability through these five pillars that cover key economic, governance, environmental and social aspects of the Group's business.

Our Shoppers	• Delivering shopping pleasure with a good selection of local and imported products at competitive prices
Our People	• Provide a conducive work environment to safeguard employee satisfaction and loyalty
Our Business	• Uphold organisation integrity and operate ethically in accordance with applicable legislation of entry and exit points including airports, seaports, downtown, border towns and popular tourist destinations
Our Environment	• Implement stringent measures to minimise supply chain environmental footprint through efficient consumption of natural resources and appropriate waste management
Our Community	• Nurture a healthy relationship with local community members and contribute to their well-being

SUSTAINABILITY APPROACH AND GOVERNANCE

DFI Group's business will directly or indirectly affect the planet. DFI is committed to managing its risks and impact by integrating environmental, social and governance considerations into the Group's business activities and solutions while contributing to a better future for all.

DFI'S SUSTAINABILITY GOVERNANCE PATH

Robust sustainability governance helps DFI define the Group's sustainability ambitions and establish the structures and processes that help achieve them. It keeps DFI on course as the Group works towards achieving its commitments and navigating the key risks and opportunities presented by sustainability issues.

The DFI Board of Directors ("the Board") has the ultimate responsibility and oversight for sustainability at DFI, considering material Environment, Social and Governance ("ESG") factors when setting the Group's strategic direction. The Executive Director and Sustainability Working Group steer DFI's sustainability agenda.

The Sustainability Working Group manages day-to-day sustainability initiatives. It also ensures core business functions can complete their plans, meet their timelines and mitigate risks as required.

Duty Free outlet at The ZON, Johor Bahru

DFI Sustainability Governance Structure

Board of Directors

- Takes ultimate responsibility for the sustainability direction of the Group
- Integrates sustainability considerations into strategic business decisions
- Approves the overall sustainability-related business strategies

Executive Director

- Steers and oversees the implementation of sustainability-related business strategies
- Approves sustainability targets, key indicators and disclosure
- Evaluates and assesses sustainability risks and opportunities

Sustainability Working Group

- Monitors and manages the sustainability implementation of the Group
- Facilitates and assists the sustainability processes among the key business functions
- Reports on the performance and targets of sustainability processes and controls

Key Business Functions

- Supports the implementation of sustainability-related business strategies
- Develops plans and timelines for sustainability reporting disclosure

Embedding sustainability within the Group's core requires the commitment of DFI's senior leadership, who drives the necessary mindset throughout their respective areas of oversight. The Sustainability Working Group represents each business area and group function. The Working Group prepares sustainability issues related to policies, guidelines and strategy. Each business area and group function are responsible for implementing these programmes.

SUSTAINABILITY RISK MANAGEMENT

DFI has incorporated sustainability risks into its overall risk management framework. The management takes an enterprise view of all the risks material to the Group, with the Board of Directors overseeing all related processes.

Environmental, social and governance risks and opportunities may impact DFI Group financially and non-financially.

Environmental	Social	Governance
• Climate • Resources • Pollution/waste	• People and communities • Products and services • Internal and external stakeholders	• Corporate governance • Business ethics and behaviour

BUSINESS ETHICS AND ACCOUNTABILITY

DFI is committed to doing business ethically and transparently, guided by several governance policies and procedures such as the Code of Conduct ("Code"), Anti-Corruption procedures and Whistleblowing Policy.

The Group expects employees to work and treat everyone with respect, fairness and dignity. The Code sets clear expectations for working at DFI. It applies to all DFI employees, Board members, business partners and all parties with whom the Group conducts business. The Code sets out expectations of the Group, which covers topics such as conflicts of interest, protection of assets and funds, confidential information, sexual harassment, misconduct, health and safety and compliance with the law.

All employees receive a personal copy of the Code and are required to acknowledge their responsibility for complying with the policies and procedures set out in the Code. DFI provides regular training and communications to help employees apply the Code in their daily work.

The internal audit team assesses DFI's adherence to its ethical values. Various audits assess employee and departmental compliance with policies, procedures, local laws and regulations. Business activities that pose a higher risk to compliance and the Group's reputation are periodically audited, such as financial management and reporting, corporate governance, employment issues, supply and capital expenditure transactions and other operational procedures. DFI investigates all actual or suspected corruption cases, including bribery and fraud, if any. The Board receives regular updates on the Group's compliance status.

ANTI-CORRUPTION

The Group's Code explicitly prohibits engaging in bribery or corruption in any form. The Group has also laid out the policy and procedures and provided in-house training to the directors and management team to ensure strong business ethics and compliance with section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"). The group-wide anti-bribery and corruption policy and procedures include measures and guidance to assess risks, understand relevant laws and report concerns. This policy applies to all DFI supply chain partners.

WHISTLEBLOWING OR SPEAKING UP

All employees, contractors, vendors, third parties and other stakeholders should be comfortable questioning or raising concerns about the Code or witnessing something unethical. Employees can direct concerns and enquiries through multiple channels: with line managers or other senior leaders, supporting teams, including human resources, ethics and compliance and through work councils.

The Group's Whistleblowing policy encourages employees to disclose any malpractice or misconduct. Employees can report any concerns of wrongdoing or corruption directly to the Audit Committee. The Group forbids retaliation against any employee for making a report in good faith. DFI investigates all complaints based on their severity, reliability and credibility but did not receive any during the financial year ended 28 February 2022.

Reportable Incidents

- Failure to comply with:
  - legal obligations
  - relevant financial reporting standards
- Abuse of:
  - power or authority
- Serious improper matters which may:
  - cause financial or non-financial loss to the Group
  - damage the Group's reputation
- Actions that:
  - endanger the health or safety of employees
  - are intended to conceal any of the above

Duty Free outlet at Pantai Cenang, Langkawi

STAKEHOLDER COMMUNICATION

Communication is more important now than ever before. The uncertainty created by COVID-19 is changing fast. Perhaps, there is nothing more important than how a company communicates with its stakeholders.

The sudden border closures and operations shutdowns breed uncertainty among DFI's customers. The Group's communications create clarity, build resilience and catalyse positive change.

Deep and meaningful stakeholder engagement steers the Group's sustainability journey to align all sustainability initiatives and policies with DFI's business objectives and values.

The Group is committed to working closely with various stakeholders by promoting spontaneous disclosure of information and open dialogue. DFI's efforts to communicate with shareholders fall into the following two categories.

Disclosures

Disclosure of transparent information and report on progress of various initiatives.

Analyse the needs of stakeholders, including authorities, shoppers and supply chain partners, to improve communication.

Dialogue

Actively engage in two-way communication with various stakeholders.

From the feedback provided in discussions, DFI improved its communication and implemented new initiatives.

The interests and critical concerns, engagement method and frequency of engagement for each stakeholder group are presented in the following table.

Stakeholder Group	Engagement platforms	Frequency	Interests and Key Concerns
Customers	• Corporate website • Feedback forms • Social media • Loyalty programme	• Continuously • Continuously • Continuously • Continuously	Quality of products and services, product prices and promotions
Employees	• Annual performance review • Intranet portal • Email communications • Internal meetings	• Annually • Continuously • Continuously • As needed	Job-related training and development, work-life balance, employment benefits, performance appraisal and reward system
Board of Directors	• Board meetings • Email communications	• Quarterly and Annually • As needed	Regulatory compliance, economic performance, corporate governance and risk review
Government	• Formal meetings • Dialogues	• As needed • As needed	Regulatory compliance, economic performance, and societal welfare
Investors	• Media release • Investor relations roadshow • SGX* announcements • Dialogues • Annual Reports	• As needed • As needed • Quarterly/as needed • As needed • Annually	Regulatory compliance, financial performance, new development of the Group return on investment and dividend distribution
Suppliers	• Meetings and dialogues • Email communications • Trade fairs and events	• As needed • Continuously • Annually	Product knowledge, events, partnerships, compliance and performance against contract terms
Financiers	• Financial reports • Regular meetings	• Annually • As needed	Compliance with financiers' terms and conditions and financial performance

** Singapore Exchange ("SGX")*

SUSTAINABILITY IN ACTION

DFI is committed to delivering long-lasting ESG solutions through its sustainability strategy based on the Group's materiality assessment.

STAYING UPFRONT, DETERMINING MATERIALITY

As stakeholders' priorities constantly change, the Group must evolve to meet their expectations. The Group conducts formal materiality analysis to prioritise issues that:

- have the most significant impact on the economy, society and the environment; and
- matter most to DFI's stakeholders.

This review is critical as the situation and impact of the pandemic might have opened new dimensions that make stakeholders perceive specific social and environmental issues as more pressing. The demands of society and business' priorities have changed accordingly.

THE MATERIALITY PROCESS

The comprehensive materiality analysis helps DFI to identify the economic, social and environmental issues that are most important to the Group's business and DFI's stakeholders. Conducting thorough research helps identify DFI's sustainability reporting topics and supports decisions on where to focus internal resources.

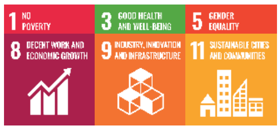
DFI fully integrated the assessment with its risk management process to incorporate broader sustainability issues into the considered risks and opportunities.

DFI conducted its Stakeholders Materiality Survey 2022 in the last financial quarter of FY2022. The survey was performed by an external consultant to ensure impartiality and secure the anonymity of the respondents. Representatives' opinions from the following major stakeholders were sought: employees, customers, suppliers, investors, financiers, media, local communities, government, regulators, certification bodies and other formal organisations.

A total of 51 complete responses were obtained and analysed to ascertain the views of our stakeholders. DFI believes the sample size reasonably and accurately represents our stakeholders' opinions. The same survey was also completed by the Board members whose responses represented the views of DFI.

Respondents rated their importance of 17 issues related to economic, environmental, and social performance. These topics guide DFI's strategic efforts towards managing ESG risks and opportunities for key stakeholders. As DFI Group joins the rest of the world in a decade of action to deliver the Sustainable Development Goals, DFI also mapped each material area against relevant goals, aligning the Group's progress against the United Nations Sustainable Development Goals ("UNSDG").

Indicator	Description of Objectives	Related UNSDG
Governance		
Corporate governance	Managing business strategy and processes to build financial integrity, confidence and superior performance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS
Regulatory compliance	Complying with all legal, economic, environmental and social legislation while supporting the national agenda	16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS
Sustainability & risk integration	Advocating sustainability as a tool for managing the company's risk exposure and minimising industry risks and unforeseen costs	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Economic		
Economic performance	Generating sustainable financial and economic returns and creating stakeholder value to safeguard the sustainability of DFI's business	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Procurement practices	Encourage a sustainable supply chain by promoting responsible business conduct among suppliers	8 DECENT WORK AND ECONOMIC GROWTH
Nation building & industry advancement	Contributing to advancing the nation by boosting economic growth and developing the travel, tourism and retail industries	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES
Environment		
Energy efficiency & carbon footprint	Using clean, renewable energy and moving towards a more energy-efficient future	7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
Water management	Using water efficiently and minimising water wastage	6 CLEAN WATER AND SANITATION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 14 LIFE BELOW WATER
Social		
Employee wellness, engagement & satisfaction	Attracting and retaining employees by creating a great place to work by providing welfare and a healthy lifestyle, and regular engagement with employees	3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
Occupational safety & health	Maintaining an injury-free working environment for all employees, eliminating workplace health and safety risks and improving employees' mental wellbeing	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Talent management	Building on employees' functional, technical and personal skills to ensure that DFI brand is positively represented	4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
Non-discrimination & diversity	Extending fair and non-discriminatory treatment to all employees	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES

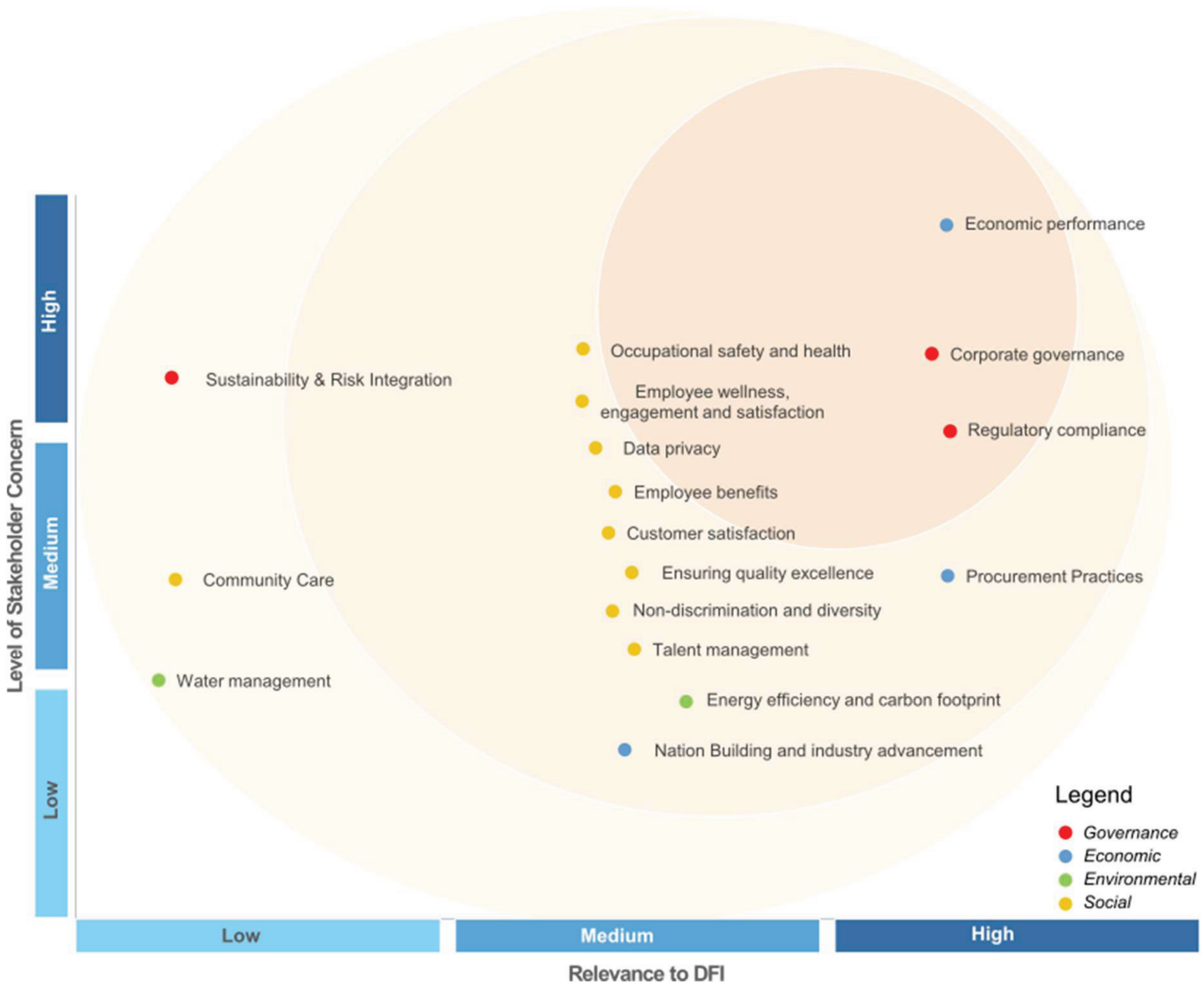
Indicator	Description of Objectives	Related UNSDG
Employee benefits	Providing fair and comprehensive employee benefits	
Customer satisfaction	Continually assessing and responding to customers' needs to enhance customers' shopping experience	
Ensuring quality excellence	Providing travellers with an exclusive shopping experience beyond expectations by having the highest standards of customer service, unique and exclusive travel retail concept, and exquisite product offerings	
Data privacy	Protecting the Company's information (includes confidential business data, employee information) and customers' data privacy	
Community care	Being part of society where DFI operates through philanthropy, community partnerships and annual donations to non-profitable organisations	

The Group has adopted a five-point Likert scale, allowing respondents to indicate how important each criterion was, from 'very unimportant (1) to 'very important' (5). An average score was calculated for each of the 17 areas.

THE RESULTS

The data was analysed and the results used to develop a materiality matrix. The level of importance to DFI was plotted along the X axis and the relevance to stakeholders on the Y axis. The matrix is presented in the following diagram.

DFI Group Materiality Matrix



ECONOMIC

Retail Outlet at Pantai Cenang, Langkawi

Our Management Approach

Active corporate governance is essential for the Company's economic development. It also ensures the sustainable provision of long-term benefits for shareholders, employees and society. Various control mechanisms help minimise risks that are especially relevant for the sustainability of DFI's industry. DFI also adopts a risk management model, which allows a comprehensive identification and management of potential risks that may affect the business.

Policies, Principles and Commitments

- Singapore Financial Reporting Standards (FRSs)
- Companies Act 1967 (the "Act")
- Singapore Code of Corporate Governance
- Requirements by Singapore Stock Exchange on sustainability disclosures
- Code of Conduct

Monitoring and Control Systems

- Financial reporting
- Internal audit
- Risk assessment
- Compliance training
- Whistleblowing

DFI remains one of the largest duty free retailing groups in Malaysia. Its duty free and duty paid retail outlets with premium travel retail brand, The Zon, are strategically located across Peninsular Malaysia. The Zon is a duty free retail specialist with over 43 years of experience, as described on page 1 of the Annual Report for the financial year ended 28 February 2022 ("AR FY2022"). The Zon has an extensive presence in all leading entry and exit points, international airports, seaports, international ferry terminals, border towns and popular tourist destinations in Peninsular Malaysia. With DFI's subsidiary, Brand Connect Holding Pte. Ltd. and its group of subsidiaries, DFI has extended its beverage distribution business and market operations from the Malaysian duty free market to include Singapore and Southeast Asia's duty paid market. All these outlets are centrally managed in Kuala Lumpur and Penang, Malaysia.

ECONOMIC VALUE CREATION

As part of its corporate citizenship, DFI contributes to the economic development of the economies through the payment of fair and competitive salaries, taxes and the purchase of local products and services. As a way of assessing the economic impact of the Group's business, DFI annually discloses its stakeholder value allocation, which reflects the direct monetary impact of operations on its primary stakeholders. Additionally, DFI contributes to several social initiatives annually, detailed in the Society section of this report.

The Group's value distribution to its different stakeholders is presented in the following table.

RM ('000)	FY2020	FY2021	FY2022
Economic Value Generated*	83,300	3,294	23,501
Economic Value Distributed			
- **Employees (Salary and other benefits)**	36,250	21,928	12,043
- **Government (Income tax)**	13,479	7,519	1,335
- **Providers of capital (Dividends and finance costs)**	25,315	6,183	6,199
- **Community (Donations)**	1,110	750	250
Total Economic Value Distributed	76,154	36,380	19,827

*Note: * Represents revenue and other income, net of operating expenses.*

Further insights into the Group's economic performance for FY2022 can be found on pages 76 to 161 of AR FY2022.

SUSTAINABLE PROCUREMENT

Local sourcing, hiring and procurement create value for local communities. Improving the Group's local content approach is similar to considering how its actions affect the local environment. More than 99% of staff working at the Group's outlets are local residents. Helping local suppliers improve their capabilities also helps them attain higher technical, health and safety, and business standards. DFI engages local markets by engaging local suppliers, contractors and business partners whenever possible.

DFI has integrated environmental, social and financial business practices into its procurement practices. DFI considers suppliers' environmental processes, quality, treatment of workers and general sustainability practices.

DFI's ethical procurement practices apply to all purchases of goods and services. The Group's expectations regarding the way its supply chain partners conduct their businesses are clearly communicated. Suppliers and business partners must adhere to the law, stipulated contract conditions and international best practices regarding human rights, the environment, health and safety, and labour standards. To the best of DFI's knowledge, there was zero incidences report of suppliers' non-compliance with social and environmental standards in FY2022.

Retail Outlet at Kuala Lumpur International Airport

ENVIRONMENTAL

Solar Panel at Bukit Kayu Hitam Outlet

Our Management Approach

DFI's Environmental Management System (EMS) monitors its impact on the environment with a systematic and consistent approach. The Group has identified areas with direct and more significant possibilities to control its footprint. DFI will continue to explore opportunities to reduce this impact further in the Group's airports, seaports, downtown and border town operations.

Unfortunately, most of the Group's outlets were closed due to movement control restrictions in years 2020 and 2021, which significantly affected all environmental initiatives.

DFI complies with all relevant environmental laws. The Group has also adopted a monitoring and tracking system on resources used.

Policies, Principles and Commitments

- Environmental Policy
- Environmental Act and relevant laws

Monitoring and Control Systems

- Energy consumption monitoring
- Solar panel performance tracking system

RESOURCES EFFICIENCY

DFI operates shops in highly regulated locations, in owned and leased premises. A significant proportion of utility consumption on leased premises, such as water or energy use and sourcing in these stores, cannot be directly influenced by DFI for most outlets. The landlords and building construction predetermine these factors. However, energy consumption for outlets at owned premises has been traditionally high due to retail business requirements that call for optimal in-store lighting and ambient temperature to create a luxury shopping experience.

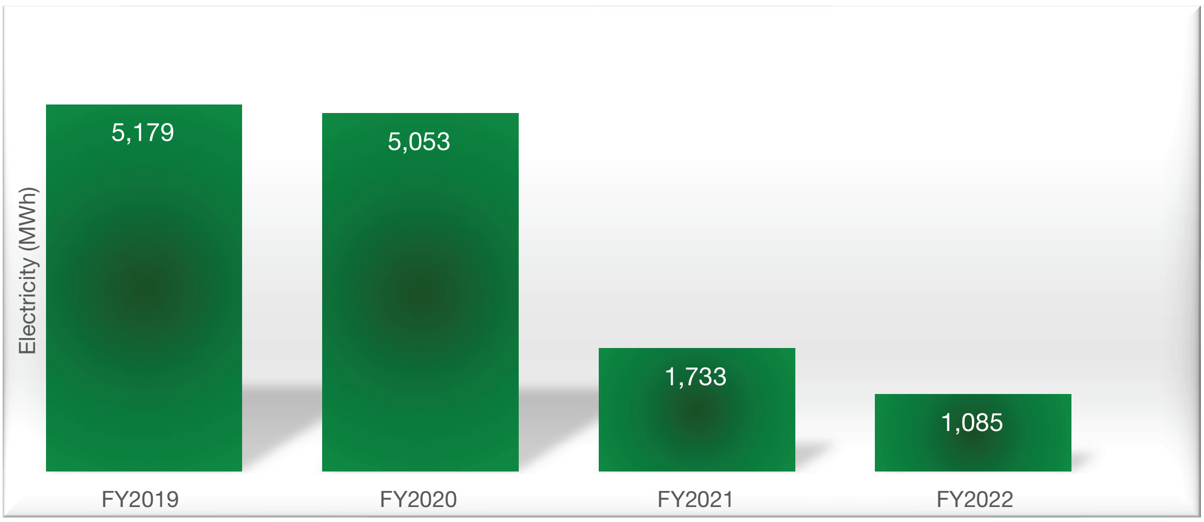
DFI's energy-saving and emissions reduction efforts concentrate on its supply chain, logistics, own office premises and refurbishing existing shops to lower energy consumption.

DFI's shop designs focus on substituting traditional lighting with energy-efficient lighting systems and installing A-rated electronic devices for air-conditioning and refrigerators at outlets.

Energy-Saving Measures at DFI

- Replacing traditional lighting with LED and low energy bulbs on ceilings and displays
- Purchasing energy-efficient appliances such as air conditioners and fridges
- Changing to differential switches to minimise consumption during closing hours
- Internal manual monitoring of resources and shutting down the power supply to unused operational areas

Electricity Consumption at DFI Group



SOLAR ENERGY

Solar energy is a clean, renewable resource that can replace fossil fuels	Solar decreases harmful emissions into the atmosphere	Results in very few air pollutants

Solar panels at the Group's Bukit Kayu Hitam and Padang Besar outlets contribute to the Group's electricity consumption reduction. Investing in this renewable energy helps DFI to manage its environmental footprint.

Description	FY2020 savings	FY2021 savings	FY2022 savings
Solar installed capacity (kWp)	565	565	565
Total electricity generated (MWh)	613	491	415
Monthly average electricity savings (MWh)	51	41	35
Monthly average cost savings (RM)	25,969	20,835	17,614

DFI tracks the installed solar panels' performance at these outlets using a vendor's photovoltaic (PV) system - Sunny Portal. This system allows DFI to access and analyse key real-time system data remotely. The monitoring mechanism measures the overall consumption of internal power and external energy. Power is generated for self-consumption with daily, monthly and yearly energy data being available. The system is also able to detect minor deviations and resolve them quickly. A built-in community portal helps DFI benchmark its PV system data with other peer users.

WASTE MINIMISATION

Avoiding waste in the first place or recycling is an effective way of protecting valuable resources. Packaging materials in operations comprise cardboard, paper, plastic film, plastic consumables and wood. This waste is sorted into different containers and sent for recycling.

At DFI stores, waste produced by operations outlets is mainly packing materials handled through the waste disposal system and recycled accordingly where possible. The Group takes measures to reduce single-use plastics. DFI reuses packing materials, cartons and pallets used to transport and protect products as much as possible, which consistently reduces the consumption of new resources.

Paper waste minimisation is an ongoing effort in our offices. DFI has introduced local initiatives to reduce paper, including double-sided printing and encouraging the digital storage of documents, only printing when necessary.

SOCIAL: WORKING TOGETHER. GROWING TOGETHER. GIVING TOGETHER.

DFI is aware of its responsibilities to its employees and society as a good corporate citizen. The Group contributes to these communities' living standards, wealth, and quality of life while maintaining profitability. Each team member is an extension of the DFI family. DFI Group creates a culture guided by its core values of passion, service, dedication, trust, innovation and teamwork.

Ensuring SOP compliance

Our Management Approach

Employees are an essential element of DFI Group's success. DFI Group needs a motivated, engaged and diverse workforce to deliver the Group's purpose. Practising sincere customer service is critical in the retail industry as it:

- helps customers' first impression, indicating a pledge to offer satisfactory products and services; and
- plays a role in everything we do, every transaction we carry out and our relationship with every customer we help.

COVID-19 has severely impacted the travel-related industry over the last two years; most of DFI's outlets have been closed due to mobility restrictions and closure of international borders as a measure to curb the spread of COVID-19 virus. As a result, the retail environment is becoming more dynamic. The market is shifting to new arenas, and consumers rapidly evolve their purchasing decisions. Our people are vital for delivering unique in-store experiences, a game-changer in the new digital era.

DFI Group has introduced various policies and principles, setting clear expectations for employees. The Group's monitoring and control systems benchmark DFI's performance internally and externally.

Policies, Principles and Commitments	Monitoring and Control Systems
• Code of Conduct • Employee Handbook • Sponsorship Guidelines • Training policy • Employment Act and other labour laws • Quality procedures and certifications • Standard Operating Procedure (SOPs)	• Employee performance evaluation • Grievance mechanism • Employees satisfaction study • Customer satisfaction survey

CARING FOR THE WELL-BEING OF OUR EMPLOYEES

The retail industry is a fast-moving and demanding work environment. A healthy mind is as essential as a healthy body. Our passion, personal integrity and engagement are crucial factors for the shared success of DFI Group. DFI lives up and works towards its employees' promise of Let's Grow Together. DFI treats others with openness and fairness and appreciates that everyone has a valuable contribution to make.

DFI is proud of the teams' professionalism and outstanding commitment to providing first-class customer service. The Group offers attractive working environments, exciting tasks, and fair and competitive wages.

REWARDING OUR PEOPLE

DFI bases its salary policies on the principles of fairness and reasonableness. Remuneration studies ensure that all basic salaries meets or exceed the minimum wage required by law. Employees' wages comply with all applicable Malaysian and Singaporean labour laws such as working hours, minimum living wages, overtime hours and legally mandated benefits. Docking wages as a disciplinary measure is not permitted.

How COVID-19 Affected Employee Benefits

- ✓ Employees' were still paid their salaries throughout the Movement Control Order (MCO) period.
- ✓ Employees at outlets which were in operation during the MCOs continued to receive bonuses during FY2022. Employees at outlets that were not opened received special incentives rewards during FY2022.
- ✗ No additional cost burden shifted to employees due to Covid-19 SOPs.
- ✓ Employees' RTK and PCR tests were at the expense of the Company
- ✓ Additional PPE such as face masks, face shields and self-test kits are provided to all employees.

DFI's commitment to caring for employees' families continued throughout the FY2022 by contributing through the Group's charity arm, Yayasan Harmoni, a non-profit, tax-exempt organisation. The Group established "Sumbangan Bantuan Persekolahan", or school aid contribution, which helped qualified employees with their annual children's expenses for the new schooling year. One hundred and sixty-six employees' children benefited from this financial aid in FY2022.

DFI, through Yayasan Harmoni also gave special aid to 17 employees who were badly affected by floods which occurred in February 2022. Each affected employee was given RM1,500 for daily necessities, cooking gas and food.

The COVID-19 pandemic is still ongoing and the Group's business remains challenging for the year ahead. However, DFI is committed to operating its business sustainably in a socially and environmentally responsible manner, especially prioritising the health and safety of its employees as the Group pursues business growth and stability.

CAREER DEVELOPMENT

DFI employees benefit from an extensive learning catalogue that covers performance-improvement programmes in their current positions and professional development programmes to support career progression. These training programmes complement product training programmes for DFI store teams, typically delivered by the local teams. Each employee (100%) receives an annual performance review to evaluate their performance and identify further personal development potential for their next career steps.

Accordingly, DFI develops new and existing candidates for more senior management roles. DFI also reviews the quality of its talent pipeline annually.

The Group has set a target of 18 hours of training per year per employee. However, the COVID-19 pandemic has disrupted efforts to achieve this target, with most training being postponed in FY2021 and major part of FY2022. At the same time, we acknowledge that failing to train the team presents its own set of risks. Towards the fourth quarter of FY2022, DFI adapted and dedicated resources to revisit its training delivery platforms and standard operating procedures as the Group embarked on the road to recovery in the new normal. Continuous education is vital to the Group's growth but not at the expense of DFI's employees' safety.

Some examples of training topics delivered during the year include digitalisation, grooming and presentation, COVID-19 SOPs, taxation principles and concepts, and the principles of managing domestic inquiry.

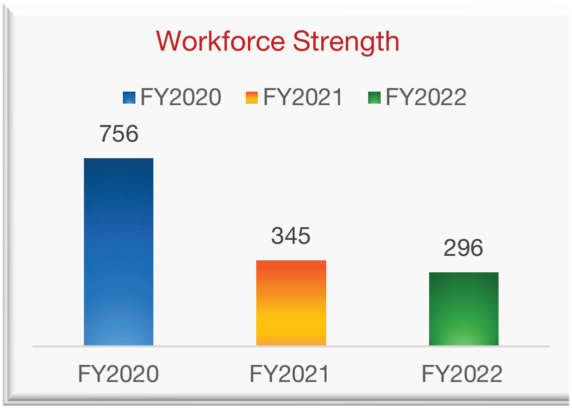
DFI's Training Statistics

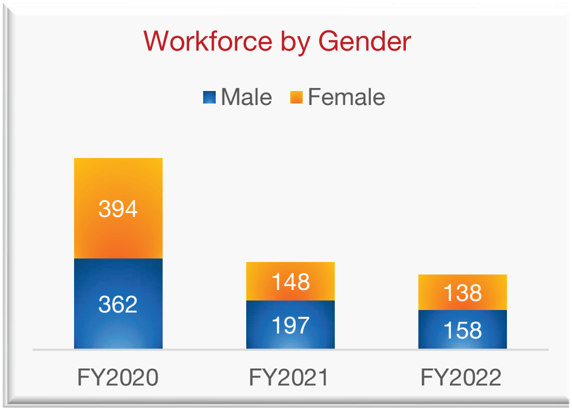
	FY2020	FY2021	FY2022
Number of training programmes	68	22	55
Total investment in training (RM)	125,950	9,055	7,962
Number of training hours	9,248	1,366	1,574
Average number of training hours per year per employee	12	4	5

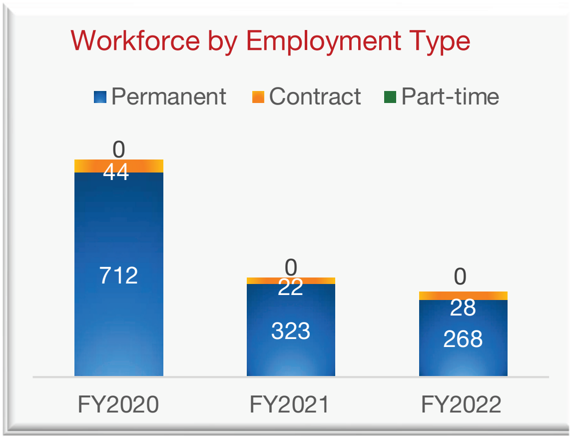
DIVERSITY AND INCLUSIVITY

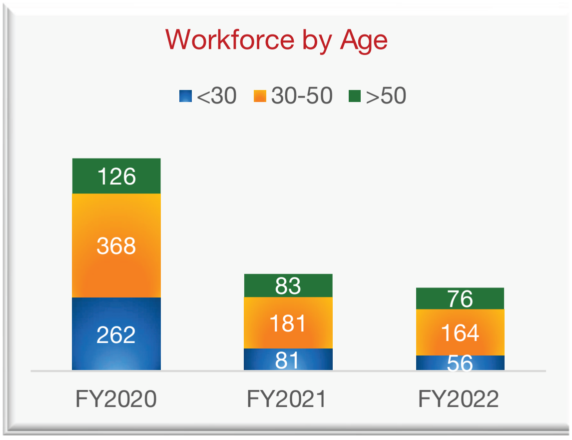
Diversity is essential for delivering the Group's strategy. Teams with a healthy mix of contrasting perspectives and backgrounds help the Group stay ahead. Unlike traditional retailing, DFI's industry operates in multinational and multicultural environments. Operating in major airports, seaports, international ferry terminals, border towns and tourist destinations, DFI engages daily with customers, suppliers and colleagues from different nationalities. Understanding cultural differences helps the Group engage with its customers and serve them effectively.

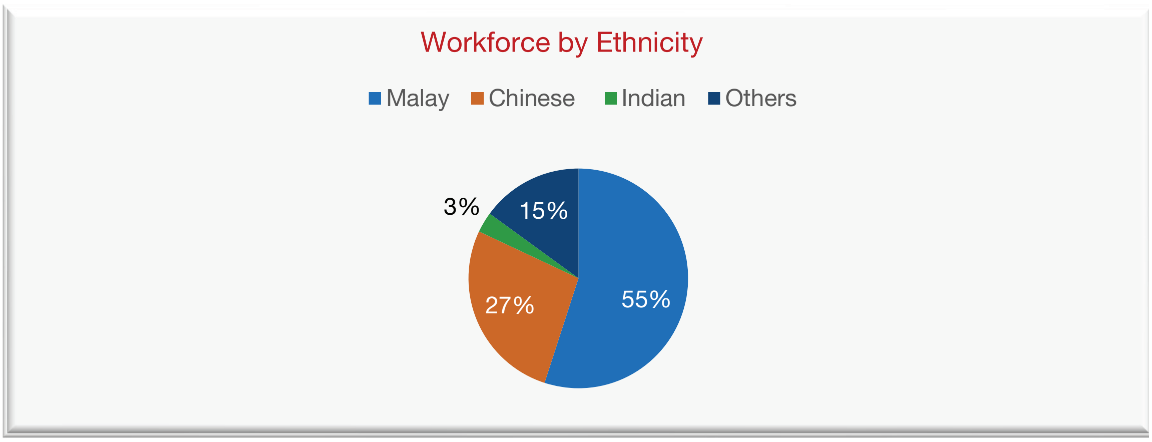
DFI promotes an inclusive corporate culture that celebrates diversity in all forms, including gender, age, race, culture and creed. The following figures offer a glimpse of the diversity and workforce balance in DFI.











Breakdown of New Hires by Gender and Age Group

New Hires	FY2020	FY2021	FY2022
Number of employees			
By gender			
Male	89	31	11
Female	83	21	17
By age group			
<30 years	114	20	10
30-50 years	39	15	10
>50 years	19	17	8

Women Empowerment

In FY2022, the percentage of females in management was 32%, which exceeded DFI's target of 30%.

	FY2020	FY2021	FY2022
% Women in Middle Management	44%	60%	27%
% Women in Senior Management	29%	33%	36%

Employee turnover at DFI

	FY2020	FY2021	FY2022
By gender			
Male	113	190	44
Female	104	249	27
By Age Group			
<30 years	134	186	24
30-50 years	57	183	29
>50 years	26	70	18
Total employee turnover rate (%)	29%	127%	24%

OCCUPATIONAL SAFETY AND HEALTH

Workplace safety is a priority for DFI in all its outlets, offices and warehouses. Majority of DFI's workforce operates in stores. Employees must follow the safety rules of the respective outlets located at airports, seaports, downtown, border towns and owned premises as the Group's work environments are highly regulated. DFI's specific health and safety regulations for employees include emergency procedures.

DFI also conducts regular scheduled inspections and maintenance of all electrical and fire emergency systems, including fire alarms, emergency lights, exit signs, automatic sprinklers, pressurised hydrants, wet and dry risers and hose reel systems. A third-party service and maintenance company regularly inspects its machine room, lift and escalators to ensure that they are functioning optimally at all times. DFI has ensured appropriate measures are taken in emergencies and that the safety of shoppers, firefighting system, electrical and storage facilities are considered in the store design.

DFI's formal safety and health policy provides a safe and environmentally-friendly operation for all employees, customers and the public. The Group constantly monitors, assess and improves safety and health-related issues. As Malaysia moves towards the endemic phase, DFI will continue to abide by and follow the guidelines issued by the Ministry of Health and implement enhanced outlet cleaning protocols and standardised social distancing guidelines to ensure in-store health and hygiene while maintaining crowd control.

DFI is pleased to report that the Group has not received any reports of serious injuries, accidents or breaches of safety standards during this reporting period.

SOCIETY

Wide range of products at retail outlets

DFI's charter value of sustainability emphasises the Group to put customers first, be environmentally responsible and support the communities. As part of making a valuable contribution as community partners, DFI works respectfully with community stakeholders to build meaningful long-term relationships which improve their quality of life while reminding the Group of its responsibility to society. DFI seeks input and feedback from its communities and opportunities to contribute its time and resources to play a role in the growth and success of its operating areas.

REDEFINING CUSTOMER EXPERIENCE IN THE NEW NORMAL

DFI Group always put its customers at the centre of every decision to succeed. Since its incorporation, DFI Group has practised this philosophy, allowing the Group to lead as the largest local duty free retailing Group in Malaysia.

ADAPTING TO THE NEXT NORMAL IN RETAIL

DFI's primary mission is to exceed customer expectations, which the Group achieves by sourcing unique product choices and providing attractive shopping environments and exceptional shopping experiences.

THE CHALLENGE

The COVID-19 pandemic outbreak severely impacts duty free shopping behaviour, spending and browsing likelihood on a category level. The Predictive Index (Pi) Insight released a report[1] recently on the impact of the outbreak on traveller confidence and duty free shopping behaviour.

85% of respondents said COVID-19 affects their duty free shopping of which:

- 69% will avoid crowded store areas
- 41% will not buy if they have to queue at the cashier
- 39% would spend less time in the store
- 35% would be less likely to pick up items when browsing

THE SOLUTION

Duty free retail will continue to be a popular choice among travellers, especially given strict luggage policies and, more recently, environmental concerns on carrying weight onboard aircraft. DFI is optimistic about the future of the duty free retail industry in this recovery phase. The Tourism Ministry has also begun to implement the Tourism Recovery Plan (TRP) under the National Tourism Policy 2020-2030[2], focussing on the following strategies:

- Revitalising domestic tourism by offering more creative and attractive travel packages
- Restoring public confidence to travel again by adapting to the new normal
- Embracing the technology of secure, seamless and contactless travel

The dramatic shifts in consumer behaviour require the Group to meet ever-evolving customer experience requirements to remain relevant. DFI's outlet operations increase shoppers' buying confidence to build more resilience in the Group's customer experience, emerging even stronger in recovery. The pandemic has hobbled traditional store operations, with physical distancing and a new preference for self-service altering the formula for customer experience.

1 *"The Impact of Coronavirus on International Traveller and Duty Free Shopping Behaviour", Pi Insight https://www.moodiedavittreport.com/duty-free-airport-and-travel-behaviour-changing-dramatically-as-a-result-of-covid-19-finds-pi-insight-study/#:~:text=Some%2085%25%20of%20respondents%20said,queue%20at%20the%20till%2Dpoint.*

2 *https://www.motac.gov.my/en/media/release/motac-s-efforts-to-assist-the-tourism-sector-affected-by-the-covid-19-pandemic-feedback-on-the-press-statement-by-malaysian-association-of-theme-park-family-attractions-matfa-on-malaysian-tourism-industry*

Many customers' primary focus is getting in and out of a store as quickly and safely as possible. The Group has implemented policies and processes to enable safe distances, sanitise surfaces and products, and communicate proactively, clearly and empathetically. Specifically, the Group has introduced protocols at all its outlets, specifically, as follows:

- emphasise hygiene, cleanliness and health safety and compliance to standard operating procedures (SOPs);
- use cashless payment and contactless transaction where possible;
- implement social distancing measures and use floor decals and store signage;
- suspend all in-store experiences such as sampling and product testing; and
- supply outlets with personal health and safety products, including face masks, sanitiser, and test kits.

CREATING AN EXCLUSIVE SHOPPING EXPERIENCE

As the largest local duty free retailing Group in Malaysia, DFI aspires to create exclusive shopping environments to capture the interest of travellers and generate attractive buying opportunities. This aspiration is the central pillar of future growth. DFI bases its definition of an exclusive shopping experience on three main elements: store, product and service.

Store

Well-organised, easy to browse and attractive

- DFI pays special attention to creating a strong sense of place by examining store designs, passenger flows and commercial space allocation.
- The Group's shops are either designed as standalone boutiques or an integrated shop-in-shop in the it's general travel retail stores to meet each location's travellers' profile effectively.

Product

Wide range of global brands

- DFI delivers a full range of product categories, including perfumes and cosmetics, food and confectionery, wines and spirits, jewellery, fashion, leather, tobacco goods, souvenirs and electronics.
- DFI is a partner of choice for global brands, allowing them to showcase their products in dedicated retail spaces and mirror their high street image.

Service

Service from the Heart

- DFI delivers outstanding customer service at all outlet locations by allocating ideal staffing levels according to store traffic and sales, and provide staff with a clear focus and targets. Empowering teams through solid leadership helps DFI improve the selling capabilities of its products.
- Each section within an outlet is dedicated to each product category, with a highly-trained employee stationed to offer expert advice.

REWARDING CUSTOMER LOYALTY

The ZON Community Loyalty Programme appreciates and rewards loyal customers for their continuous support and keeps them updated on the ongoing promotions at the Group's outlets. ZON Community Cardholders enjoy exclusive members' discounts and benefits. Other exciting activities designed to appreciate customers' loyalty are presented below.

Other Exciting Activities to Appreciate Customer Loyalty

In-store activations	Digital activations	Extensive partnerships
price activities, brand promotions and thematic activations	using digital tools and social media	with banks, financial providers, digital wallets, tour groups, agents and other local partnerships for a blissful shopping experience

RESPONSIBLE COMMUNICATION

DFI's responsibility goes beyond the products sold and includes marketing and communication. The Group has made significant progress in:

- Ensuring that products on DFI shelves adhere to the product safety principles, including promoting responsible retailing of alcohol products
- Delivering responsible marketing communications, in-store and through the Group's pre and post-sale points of contact with customers and through product warranties and refund policies
- Protecting data and the security of customer information
- Gathering customer feedback, concerns and suggestions through DFI's field of research.

CUSTOMER PRIVACY AND DATA PROTECTION

DFI is committed to safeguarding the privacy of its customers and the personal information the Group access. DFI treats any customer's data as confidential. DFI Group stores such personal information securely and prevent unauthorised access to it.

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Duty Free International Limited (the "**Company**") and its subsidiaries (together with the Company, collectively the "**Group**") is committed and dedicated to maintaining a high standard of corporate governance within the Company and the Group in order to protect and enhance the interests of its shareholders and promote investors' confidence.

This report outlined the Group's corporate governance practices that were in place throughout the financial year ended 28 February 2022 ("**FY2022**") with reference made to each of the principles of the Singapore Code of Corporate Governance 2018 ("**Code**"), which forms part of the continuing obligations of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Board of Directors ("**Board**" or "**Directors**") of the Company confirms that, for FY2022, the corporate governance practices in place by the Group are in line with the recommendations of the Code. Where there are deviations from the Code, the Board considered alternative practices adopted by the Group are sufficient to meet the underlying objectives of the Code and appropriate explanations have been provided in the relevant section.

The Group will continue to enhance its corporate practices appropriate to the conduct and growth of its businesses and to review such practices from time to time.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises the management of the Company ("**Management**"). To fulfil this role, the Board sets the Group's strategic direction, establishes goals for the Management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group. Provision 1.1

In addition to its statutory duties, the Board's principal functions are:

1. approving the Group's strategic plans, key operational initiatives, major investments and divestments and funding requirements;

2. approving the annual budget, reviewing the performance of the business and approving the release of the financial results of the Group to shareholders;

3. providing guidance in the overall management of the business and affairs of the Group;

4. overseeing the processes for risk management, financial reporting, compliance and evaluate the adequacy of internal controls;

5. reviewing the performance of the Management, as well as approving the recommended framework of remuneration for the Board and key management personnel by the Management; and

6. considering sustainability issues as part of the strategic formulation.

In order to address and manage conflicts of interests, Directors are required to promptly declare any actual, potential and perceived transactions at a Board meeting or by written notification to the Company Secretary. In addition, the Company has in place procedures for Directors to give general notice of any interests in any corporation or firm, in order to anticipate possible conflicts of interest between the Directors and the Group. This procedure is conducted upon appointment and annually, prompting Directors to update any change in interests and/or confirm its previous disclosures. Where a potential conflict of interest arises, the Director concerned will recuse himself from discussions and decisions involving the issue of conflict and refrain from exercising any influence over other members of the Board in respect of the issue.

The Directors exercise due diligence and independent judgement and make decisions objectively in the best interests of the Group.

The Board ensures that incoming new Directors are given guidance and orientation (including onsite visits, if necessary) to get familiarised with the Group's business and corporate governance practices upon their appointment and to facilitate the effective discharge of their duties. Provision 1.2

A formal letter of appointment will be furnished to every newly appointed director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as member of the Board.

If a newly appointed Director who does not have prior experience as a director of a public listed company in Singapore, the Company will arrange for such person to undertake SGX-ST's prescribed training courses in the roles and responsibilities of a director of a listed company and to familiarise such person with the relevant rules and regulations governing a listed company.

During FY2022, no new director was appointed.

Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in training courses, seminars and workshops as relevant and/or applicable. Such conferences and seminars as well as other training courses will be arranged and funded by the Company for all Directors, if required. Annually, the external auditors will update the Audit Committee ("**AC**") and the Board on the new and revised financial reporting standards.

The Directors are updated regularly with changes to the Listing Manual of the SGX-ST ("**Listing Manual**"), changes to the Group's policies on risk management, corporate governance, insider trading and key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members from time to time.

In addition, the Management regularly updates and keep the Directors abreast on the business activities of the Company during Board meetings. Directors will also be given opportunities to visit the Group's operational facilities and meet the Management so as to gain a better understanding of the Group's businesses.

The Board has adopted a set of internal guidelines setting forth matters that requires its approval. Matters which are specifically reserved to the Board for approval include but not limited to the following:- Provision 1.3

(i) any proposed material investments, acquisitions and disposals of assets;

(ii) any proposed changes in the capital of the Company;

(iii) annual budget;

(iv) quarterly and full-year financial result announcements for release to SGX-ST;

(v) approval of the annual reports and audited financial statements;

(vi) approval of the sustainability report;

(vii) approval of the interested person transactions;

(viii) dividend and/or other returns to shareholders;

(ix) convening of general meetings; and

(x) issuance of new shares.

In order for the Board to efficiently provide strategic oversight over the Company and discharge its responsibilities, the Board has established a number of Board committees, namely AC, Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, "**Board Committees**"). These Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis to ensure their continued relevance. The effectiveness of each Board Committee is also constantly monitored. For further information on the duties and functions as well as the composition for the respective Board Committees, please refer to the various Principles in this Corporate Governance Report. Provision 1.4

The Board meets regularly on a quarterly basis. In addition, it holds additional meetings at such other times as may be necessary to address specific significant matters that may arise. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions. The Company's Constitution ("**Constitution**") and the Term of Reference of the Board Committees have provision for Board and Board Committees' meetings to be held via conference telephone, video-teleconference or similar communications equipment. Provision 1.5

During FY2022, the number of meetings held and the attendance of each member at the Board and Board Committees' meetings were as follows:

	No. of Meetings attended / No. of Meetings held			
Name of Director	**Board**	**AC**	**NC**	**RC**
Dato' Sri Adam Sani bin Abdullah	5/5	–	2/2	1/1
Mr Ong Bok Siong[#]	2/2	2/2*	–	–
Mr Lee Sze Siang	5/5	5/5*	–	–
General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired)	5/5	5/5	2/2	1/1
Mr Chew Soo Lin	5/5	5/5	2/2	–
Dato' Megat Hisham bin Megat Mahmud	5/5	5/5	–	1/1

[#] *Mr Ong Bok Siong had retired from office as Managing Director with effect from 30 June 2021.*

* *By invitation*

The Board is provided with complete and adequate information on a timely manner, prior to Board meetings and kept informed of on-going developments within the Group. Board papers are generally made available to Directors on a timely manner, before the meetings and would include financial management reports, reports on performance of the Group, papers pertaining to matters requiring the Board's decision, updates on key outstanding issues, strategic plans and developments in the Group. This is to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees' meetings. Provision 1.6

In addition, the Management also provides detailed explanation of the board papers, and in respect of budgets and financial results, any material variances between the projections and actual results are disclosed and explained.

The Directors have separate and independent access to the Management and the Company Secretary at all times to address any enquiries. Should the Directors, whether as a group or individually, require independent professional advice, such professionals (who will be selected with the concurrence of the Non-Executive Chairman or the Chairman of the Board Committees requiring such advice) will be appointed at the Company's expense. Provision 1.7

The Company Secretary or her representatives administer, attend and prepare minutes of all Board and Board Committees' meetings and assist the Chairman of the Board and/or the AC, RC and NC in ensuring that proper procedures at such meetings are followed and reviewed so that the Board and the Board Committees function effectively and the relevant requirements of the Companies Act 1967 ("**Companies Act**"), Listing Manual and Constitution are complied with.

The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Presently, the Board comprises one Non-Executive Chairman, one Executive Director and three Independent Directors, details as follows: Provision 2.3

Name of Director	Date of First Appointment	Date of Last Re-election	Board	AC	NC	RC
Dato' Sri Adam Sani bin Abdullah	7 January 2011	29 June 2021	Non-Executive Chairman	–	Member	Member
Mr Lee Sze Siang	13 August 2010	27 August 2020	Executive Director	–	–	–
General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired)	7 January 2011	20 June 2019	Lead Independent Director	Member	Chairman	Chairman
Mr Chew Soo Lin	26 August 2011	29 June 2021	Independent Director	Member	Member	–
Dato' Megat Hisham bin Megat Mahmud	9 July 2013	27 August 2020	Independent Director	Chairman	–	Member

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent, bearing in mind the provisions set forth under Provision 2.1 of the Code and any other salient factor which would render a director to be deemed not independent. Provision 2.1

The NC adopts the definition in the Code as to what constitutes an Independent Director. Accordingly, the NC considers an "independent" Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

Based on the annual confirmation of independence and self-declaration submitted by the Independent Directors, the NC has reviewed and determined that these Independent Directors are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgement.

The Non-Executive Chairman, Dato' Sri Adam Sani bin Abdullah, is not independent in accordance with the definition of the Code. Provision 2.2 Provision 2.3

The Independent Directors make up more than half of the Board which meets the requirements set out under Provision 2.2 and Provision 2.3 of the Code. This provides a strong and independent element on the Board. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgement on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined.

In addition, the Company had appointed General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) as the Lead Independent Director, to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. Therefore, the NC considered the Board has sufficient independent element and its composition is appropriate to facilitate effective decision-making.

With effect from 1 January 2022, the Independent Directors who served on the Board for a cumulative period of nine years from the date of first appointment (whether before or after listing) will not be independent pursuant to Rule 210(5)(d)(iii) of the Listing Manual and his continued appointment as an Independent Director has to be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders, excluding the directors and chief executive officer and their respective associates ("**Two-Tier Voting**").

Such resolutions approved by the Two-Tier Voting may remain in force until the earlier of the following (i) the retirement or resignation of the said Independent Director; or (ii) the conclusion of the third annual general meeting ("**AGM**") of the Company following the passing of such resolutions.

As at 28 February 2022, the Lead Independent Director, General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) and the Independent Director, Mr Chew Soo Lin, who were appointed to the Board on 7 January 2011 and 26 August 2011 respectively, have served on the Board beyond nine years from the date of first appointment.

The Board (with General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) and Mr Chew Soo Lin abstaining) is of the view that General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) and Mr Chew Soo Lin have demonstrated strong independence and judgement over the years in discharging their duties and responsibilities as Independent Directors.

Both Directors have also voluntarily offered themselves be subject to the Two-Tier Voting process at the AGM held on 29 June 2021 before the Rule 210(5)(d)(iii) of the Listing Manual came into force on 1 January 2022.

The relevant resolution in relation to the continued appointment of General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) and Mr Chew Soo Lin as Independent Directors for the purpose of Rule 210(5)(d)(iii) of the Listing Manual have also been approved by the shareholders via Two-Tier Voting process at the last AGM held on 29 June 2021 and such approval shall continue in force until the earlier of the following: -

(i) the retirement or resignation of the respective Director as a Director; or

(ii) the conclusion of the third AGM of the Company following the approval.

Dato' Megat Hisham bin Megat Mahmud was first appointed to the Board as an Independent Director on 9 July 2013 and his tenure in office will be more than nine years as at 9 July 2022.

In view of the above, the other Directors have particularly reviewed and assessed the continued independence of Dato' Megat Hisham bin Megat Mahmud.

After due consideration and with the recommendation of the NC (Dato' Megat Hisham bin Megat Mahmud had abstained), the Board continues to regard Dato' Megat Hisham bin Megat Mahmud as independent notwithstanding the length of tenure of his service, after taking into consideration, *inter alia*, the guidelines for independence as provided for under the Code, the absence of potential conflicts of interest for the Independent Director which may arise through, *inter alia*, shareholding interest in the Company and/or business dealings directly or indirectly with the Group, and as he has demonstrated independence in character and judgment through, *inter alia*, his contributions to Board discussions, deliberations, ability and preparedness to exercise independent business judgment and/or decisions with the view to the best interests of the Company, without undue reliance, influence or consideration of the Group's interested parties such as the Chairman, the other non-independent Directors, controlling shareholders and/or his associates.

Also, the NC and the Board determined that he has been objective and independent minded in Board deliberations as well as his vast experience enables him to provide the Board and the Board Committees on which he serves, with pertinent experience and competence to facilitate sound decision-making and able to discharge his duties independently with integrity and competency.

After review, the Board has recommended that approval of the shareholders be sought through Two-Tier Voting process at the forthcoming AGM for the continuation of office for Dato' Megat Hisham bin Megat Mahmud, who will serve as Independent Director of the Company for an aggregate period of more than nine years as at 9 July 2022. Nevertheless, the Board will conduct rigorous reviews annually to determine if each Independent Director should be considered independent notwithstanding his tenure.

Key information on Directors seeking re-election and/or continued appointment as Independent Director pursuant to Rule 720(6) of the Listing Manual are set out on pages 172 to 173 of this Annual Report.

The Company recognises the benefits of having an effective and diverse Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. Provision 2.4

On an annual basis, the NC will review the appropriateness of the current Board size and composition, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment of the Group. In reviewing the Board composition, the NC reviews, on a yearly basis the size and composition of the Board and Board Committees and the skills and core competencies of its members to ensure an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. These competencies include accounting and finance, business acumen, management consultancy experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with legal and regulatory requirements and knowledge of risk management.

The Board and the NC have considered and are satisfied that the current size and composition of the Board is appropriate has adequate ability to meet the existing scope of needs and the nature of operations of the Group, which facilitates effective decision-making. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

The Company is committed to provide fair and equal opportunities and to nurture diversity within the Group. The Company has adopted a Board Diversity Policy where in designing the Board's composition, board diversity will be considered from a wide range of aspects, including but not limited to age, gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenge that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of the Group, and support succession planning and development of the Board. For achieving an optimal Board, additional measurable objectives/specific diversity targets may be set and reviewed from time to time to ensure their appropriateness. All Board appointments are made based on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

The NC is tasked to review the Board Diversity Policy from time to time and to ensure its effectiveness and alignment with best practice and the requirements of the Code and any other relevant legislation.

Non-Executive Directors and Independent Directors exercise no management functions in the Group. Although all the Directors have equal responsibility for the performance of the Group, the role of the Non-Executive Directors and Independent Directors is particularly important in ensuring that the strategies proposed by the Management are fully disclosed and rigorously examined and take into account the long-term interests, not only of the shareholders, but also of the employees, customers, suppliers and the communities in which the Group conducts its business. The Non-Executive Directors and Independent Directors are also involved in reviewing the performance of Management against agreed goals and objectives. The NC considers the Non-Executive Directors and Independent Directors to be of sufficient calibre and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board's decision-making process.

Based on the foregoing, the Board is of the view that the practices adopted by the Company are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Company co-ordinates informal meeting sessions for Independent Directors to meet without the presence of the Management to discuss matters such as Board processes, succession planning as well as leadership development and the remuneration of the Executive Director and key management personnel. Regular meetings are also held by the Management to brief the Independent Directors on the Group's financial performance, corporate governance initiatives, prospective deals and potential developments. The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors, where necessary and the Lead Independent Director will provide feedback to the Non-Executive Chairman after such meetings. Provision 2.5

The profiles of each of the Directors are set out on pages 12 to 13 of this Annual Report.

Chairman and Chief Executive Officer ("CEO")

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Mr Ong Bok Siong has retired as Managing Director of the Company since 30 June 2021 and his executive responsibilities has been taken over by Mr Lee Sze Siang who is Executive Director of the Company and assumed the roles and responsibilities of the CEO, including the execution of strategic business directions as well as oversee the day-to-day business operations and business development of the property and investment holding segments of the Group. Provision 3.1

The Group's Chairman, Dato' Sri Adam Sani bin Abdullah, is a Non-Executive Director and was appointed as Chairman of the Board on 7 January 2011. He is consulted on the Group's strategic direction and formulation of policies as well as to ensure the smooth running of the Board. His responsibilities include:

(i) setting the meeting agenda and ensuring that all Board meetings are convened and held as and when required;

(ii) ensuring that the Directors receive accurate, timely and clear information, and ensuring effective communication with shareholders;

(iii) ensuring that proper procedures are set to comply with the Code; and

(iv) acting in the best interest of the Group and the shareholders.

The Company Secretary may be called to assist the Non-Executive Chairman in any of the above.

The roles of the Chairman and Executive Director are separate and distinct, each having their own areas of responsibilities. The Company believes that a distinctive separation of responsibilities between the Chairman and the Executive Director will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. As such, the decision-making process of the Group would not be unnecessarily hindered. Provision 3.2

In line with Provision 3.3 of the Code, the Board has appointed General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) as the Lead Independent Director to co-ordinate and lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the main liaison on the Board's issues between the Independent Directors and the Non-Executive Chairman. He will also be available to shareholders who have concerns in the event that normal interactions with the Non-Executive Chairman, Executive Director or Financial Controller have failed to resolve their concerns or where such channel of communication is considered inappropriate. Provision 3.3

All the Board Committees are chaired by Independent Director, and more than half of the Board consists of Independent Directors.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

As at the date of this report, the NC comprises the following members, the majority of whom, including the Chairman of the NC, are independent: Provision 1.4 Provision 4.1 Provision 4.2

1. General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired)
(Chairman) (Lead Independent Director)

2. Dato' Sri Adam Sani bin Abdullah
(Member) (Non-Executive Chairman)

3. Mr Chew Soo Lin
(Member) (Independent Director)

The NC, which has written terms of reference, is responsible:

(a) re-nominating Directors (including Independent Directors) taking into consideration each Director's contribution and performance;

(b) determining annually whether or not a director is independent;

(c) deciding whether or not a director is able to and has been adequately carrying out his duties as a Director;

(d) proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole, and of each Board Committee, and the contribution of each Director to the effectiveness of the Board;

(e) reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board of the Company;

(f) recommending to the Board the review of Board succession plans for the Company's Directors, in particular, for the Chairman of the Board and key management personnel;

(g) reviewing and recommending to the Board on an annual basis, the Board structure, size and composition, taking into account, the balance between the Executive Director, Non-Executive Director and Independent Directors to ensure that the Board as a whole possesses the right blend of relevant experiences and core competencies to effectively manage the Company;

(h) reviewing training and professional development programs for the Directors; and

(i) reviewing and ensure the effectiveness of the Board Diversity Policy.

The NC is responsible for identifying and recommending new Director(s) to the Board to fill vacancies arising from resignation, retirement or any other reasons, after considering the benefits of all aspects of diversity, including but not limited to those described above, in order to maintain an appropriate range and balance of skills, experience and background on the Board. In selecting potential new Director(s), the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board, the balance of skills, experience, independence and knowledge of the Company on the Board and the diversity representation of the Board and seek to identify the competencies required to enable the Board to fulfil its responsibilities. Provision 4.3

The potential candidate may be proposed by the existing directors, substantial shareholders, management or through third party referrals. The NC may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities. Subsequent to the review of potential candidate's curriculum vitae, qualifications, experience and expertise, the recommendations for new Director(s) will be put to the Board for consideration.

The Regulation 104 of the Constitution requires one-third of the Directors for the time being (or, if their number is not multiple of three, the number nearest to but not greater than one-third) shall retire from office at each AGM of the Company and all Directors to retire from office at least once every three years. It is also provided in the Regulation 108 of the Constitution that the Directors appointed by the Board during the course of the year must retire and submit themselves for re-election at the next AGM of the Company following their appointments.

The date of first appointment and last re-appointment for each of the Directors are set out in Provision 2.3 of this Corporate Governance Report.

The NC has recommended to the Board that General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) be nominated for re-election at the forthcoming AGM. The Board has accepted the recommendation and the retiring Director has also offered himself for re-election.

The NC, in considering the re-appointment of any Director, considers factors including but not limited to attendance record at meetings of the Board and Board Committees, participation at meetings, and the quality of contributions to the development of strategy, the degree of preparedness, industry and business knowledge and the experience each Director possesses which is crucial to the Group's business.

Each member of the NC shall abstain from voting on any resolutions in respect to his re-nomination as a Director.

Key information on Directors seeking re-election and/or continued appointment as Independent Director pursuant to Rule 720(6) of the Listing Manual are set out on pages 172 to 173 of this Annual Report.

The task of assessing the independence of the Directors is delegated to the NC. The NC reviews the independence of each Director annually, and as and when circumstances require. Provision 4.4

Annually, each Independent Director is required to complete a Director's Independence Checklist/ Declaration (the "**Independence Checklist**") to confirm his independence. The Independence Checklist is drawn up based on the guidelines provided in the Code. Thereafter, the NC reviews the Independence Checklist completed by each Independent Director, assess the independence of the Independent Directors and recommends its assessment to the Board.

For the purpose of Provision 4.4 of the Code, based on the Independence Checklist submitted by each of the Independent Directors, the NC is of the view that the Independent Directors are independent as defined in the Code and are able to exercise judgment on the corporate affairs of the Group independent of the Management for the financial year under review.

Despite some of the Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company at all times. In arriving at the aforesaid conclusion, the NC had taken into account, *inter alia*, the contributions by the Directors during the meetings and attendance at such meetings. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold as it considers that the multiple board representations presently held by its directors do not impede their performance in carrying out their duties to the Company. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deemed fits. Provision 4.5

There was no alternate Director being appointed to the Board in FY2022.

The names and the key information as well as shareholdings of the Directors in office as at the date of this report are set out in pages 12 to 13 and 78 of this Annual Report.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board and Board Committees have implemented a process for assessing the effectiveness of the Board as a whole and of each Board Committee respectively, as well as the contribution by the Chairman and each individual director to the Board. The Board had approved the objective performance criteria and process for such evaluations based on the NC's recommendation. The NC has adopted an assessment checklist, which includes various quantitative and qualitative evaluation factors, and disseminates the same to each Director for completion. Provision 5.1

The NC had conducted the Board's performance evaluation as a whole, together with the performance evaluation of the Board Committees and each Director individually as well as Chairman of the Board. The summary of the assessment results was presented at the NC Meeting for review and discussion.

The performance criteria cover the following main areas:

(i) Board Composition and Structure;

(ii) Conduct of Meetings;

(iii) Corporate Strategy and Planning;

(iv) Risk Management and Internal Control;

(v) Measuring and Monitoring Performance;

(vi) Training and Recruitment;

(vii) Compensation;

(viii) Financial Reporting;

(ix) Chairman of the Board;

(x) Board Committees;

(xi) Board Contribution;

(xii) Knowledges and Duties; and

(xiii) Communication skills with internal and external parties *i.e. Shareholders*.

The assessment parameters for each Director include their knowledge and abilities, attendance records at the meetings of the Board and Board Committees, and the quality of participation at meetings. The NC and the Board have relied on the above-mentioned parameters to evaluate the Directors' contribution individually and have taken such evaluation into consideration for the re-nomination of the Directors. Provision 5.2

The assessment is generally conducted by requesting each individual Director to complete evaluation questionnaires. Each individual Director completes an evaluation questionnaire assessing the Board as a whole and the individual Directors as well as the Chairman. In addition, Directors who are also Board Committee members are required to complete the relevant evaluation questionnaire for each committee that they are a member of.

To ensure confidentiality, completed evaluation forms by all Directors are submitted to the Company Secretary for collation. The results of the performance evaluation are presented first to the NC for review and discussion and then to the Board.

The Board was satisfied with the results of the annual evaluation assessment for FY2022. For the financial year under review, no external facilitator was engaged by the Company during the evaluation process.

The replacement of a director, when it occurs, does not necessarily reflect the Director's performance, but may be driven by the need to align the Board with the changing needs of the Group's business and operations.

The Board and the NC have endeavoured to ensure that the Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

As at the date of this report, the RC comprises the following members: Provision 1.4 Provision 6.2

1. General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired)
   (Chairman) (Lead Independent Director)

2. Dato' Sri Adam Sani bin Abdullah
   (Member) (Non-Executive Chairman)

3. Dato' Megat Hisham bin Megat Mahmud
   (Member) (Independent Director)

All three members of the RC are Non-Executive Directors, and the majority of whom, including the Chairman of the RC, are independent.

The RC is responsible for: Provision 6.1

(a) reviewing and submitting to the Board for endorsement, a framework of remuneration and the specific remuneration packages and terms of employment (where applicable) for each Director and key management personnel;

(b) reviewing and approving annually all aspect of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share based incentives and awards and benefits-in-kind, of the Directors and key management personnel; and

(c) reviewing and submitting its recommendations for endorsement by the Board, any share options schemes, share award plans or long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.

In reviewing the service agreements of the Executive Director and key management personnel of the Company, the RC will review the Company's obligations, in particular, in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. Provision 6.3

No Director will be involved in determining his own remuneration. The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. During the financial year under review, the RC did not engage the service of an external remuneration consultant. Provision 6.4

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the Company.

The RC will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director and key management personnel when determining remuneration packages. Provision 7.1 Provision 7.2 Provision 7.3

The remuneration for the Executive Director and key management personnel comprises a fixed and variable component. The variable component is performance related and is linked to the Group's performance as well as the performance of each individual Executive Director and key management personnel.

The Independent Directors and Non-Executive Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors shall not be over-compensated to the extent that their independence may be compromised. There were no share-based compensation schemes in place for the Independent Directors and Non-Executive Directors.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Director owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Company does not have any formal remuneration policy. Notwithstanding that, in determining the remuneration packages of the Executive Director and key management personnel, the RC has considered the compensation and benefits which commensurate with the level of the Executive Director and key management personnel's responsibilities and performance, as well as taking into consideration the Group's performance relative to the industry. The Executive Director is not entitled to annual fee or allowance nor is entitled to receive any meeting allowances for the Board and Board Committees' meetings he attends. Each of the Non-Executive Directors abstains from deliberating and voting on his own remuneration.

Provision 8.1
Provision 8.3

A breakdown of the level and mix of remuneration paid/payable to each Director in remuneration bands of S$250,000 with a breakdown in percentage for FY2022 are as follows:

Remuneration Band and Name of Director	Salary and Bonus	Directors' Fees	Others Benefits	Total
	%	%	%	%
Below S$250,000				
Dato' Sri Adam Sani bin Abdullah	–	100	–	100
Mr Ong Bok Siong*	100	–	–	100
Mr Lee Sze Siang	100	–	–	100
General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired)	–	100	–	100
Mr Chew Soo Lin	–	100	–	100
Dato' Megat Hisham bin Megat Mahmud	–	100	–	100

** Mr Ong Bok Siong had retired from office as Managing Director with effect from 30 June 2021.*

The total Directors' fees for FY2022, which will be put to shareholders for approval at the forthcoming AGM, amounted to S$145,000 (FY2021: S$145,000).

For FY2022, the Group had identified the following key management personnel (who are not Directors or the CEO of the Company) and the details of remuneration paid to the key management personnel of the Group (who are not Directors or the CEO of the Company) for FY2022 are set out below:

Remuneration Band and Name of Key Management Personnel	Salary and Bonus	Other Benefits	Total
	%	%	%
Below S$250,000			
Mr Hendrik Korbinian Heyde*	80	20	100
Ms Cheah Im Bee	100	–	100
Mr Stuart Saw Teik Siew	100	–	100
Mr Ng Chun How	100	–	100
Ms Tee Lay Yen	100	–	100
Ms Ooi Poay Hoon	100	–	100

** Mr Hendrik Korbinian Heyde had resigned as the Operations Director of DFZ Capital Sdn. Bhd., a subsidiary of the Company with effect from 28 February 2022.*

For FY2022, the aggregate total remuneration paid to the key management personnel of the Group (who are not Directors or the CEO of the Company) amounted to approximately S$352,500.

The Company does not have any employee share option scheme or any long-term incentive scheme in place during FY2022.

Other than the retirement gratuity of RM333,500 paid to Mr Ong Bok Siong who retired from office as Managing Director on 30 June 2021, there were no terminations, retirement or post-employment benefits granted to the Directors, CEO and key management personnel during FY2022.

The Board, has on review, is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of Directors and key management personnel in the Annual Report in view of the confidentiality of remuneration matters and as the Board believes that such disclosure may be prejudicial to the Group's business interests given the competitive environment it is operating in.

Notwithstanding the Company does not disclose the exact remuneration of Directors and key management personnel (who are not Director or CEO of the Company) in its Annual Report, the Board is of the view that the Company has provided sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation, which are consistent with the intent of Principle 8 of the Code.

There were no employees who are substantial shareholders of the Company or immediate family members of a Director, the CEO or a substantial shareholder of the Company whose remuneration exceeds S$100,000 in the Group's employment during FY2022. Provision 8.2

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board as a whole is responsible for the governance of risk. The Board will: Provision 9.1

(i) ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets;

(ii) determine the nature and extent of the significant risks and the level of risk tolerance, which the Board is willing to take in achieving its strategic objectives and value creation;

(iii) provide oversight in the design, implementation and monitoring of the risk management framework and system of internal controls (including financial, operational, compliance and information technology controls), including ensuring that Management puts in place action plans to mitigate the risks identified where possible;

(iv) review the adequacy and effectiveness of the risk management and internal controls systems annually; and

(v) set and instil the appropriate risk-aware culture throughout the Group for effective risk governance.

The Group's internal auditors conduct review of the effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls, and coordinate a risk assessment on a regular basis to ensure the adequacy thereof. The findings of the review conducted by the internal auditors together with the review undertaken by the external auditors as part of their statutory audit are presented to the AC. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal auditors and external auditors in this respect.

The AC is responsible for reviewing the audit reports from the internal auditors and external auditors and assists the Board in overseeing the Management in the formulation, updating and maintenance of an adequate and effective risk management framework and internal controls. The Board, with the assistance of the AC, is responsible for the governance of risk by ensuring the adequacy and effectiveness of the system of risk management and internal controls.

In this regard, the AC is assisted by the Risk Management Team ("**RMT**"), as part of the Group's efforts to strengthen its risk management processes and policy framework.

The RMT is tasked to:

(i) provide executive oversight and coordination of risk management efforts across the Group;

(ii) conduct review of its risk management framework and processes to ensure their adequacy and effectiveness on regular basis;

(iii) maintain a risk register which identifies the material risks facing the Group and the internal controls in place to manage or mitigate those risks; and

(iv) review and update the risk register regularly by the business and corporate heads in the Group.

The Board notes that the system of risk management and internal controls established by the Management provides reasonable, but not absolute assurance that the Group will not be significantly affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision-making, human error, losses, fraud or other irregularities.

The Executive Director and Financial Controller have assured the Board that: Provision 9.2

(i) the financial records have been properly maintained and the financial statements for FY2022 give a true and fair view in all material respects, of the Company's operations and finances; and

(ii) the Group's risk management and internal control systems are adequate and operating effectively in all material respects given its current business environment.

Based on the risk management processes and policy framework, internal controls system established and maintained by the Group, reviews performed by the Management, and work performed by the external auditors and internal auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group for FY2022.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

As at the date of this report, The AC comprises the following members: Provision 1.4 Provision 10.2

1. Dato' Megat Hisham bin Megat Mahmud
(Chairman) (Independent Director)

2. General Tan Sri Dato' Seri Mohd Azumi Bin Mohamed (Retired)
(Member) (Lead Independent Director)

3. Mr Chew Soo Lin
(Member) (Independent Director)

All three members of the AC are Independent Directors. The AC members have had many years of experience in accounting, business and financial management. The Board considers that the AC members are appropriately qualified to discharge the responsibilities of the AC.

The AC assists the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting, management of financial and control risks, and monitoring of the internal control systems. Provision 10.1

The AC has written terms of reference, setting out their duties and responsibilities, which include the following:

(i) to review with the external auditors:

 (a) the audit plan, including the nature and scope of the audit before the audit commences;

 (b) their evaluation of the system of internal accounting controls;

 (c) their audit report; and

 (d) their management letters and the Management's response;

(ii) to discuss with the external auditors any problems or concerns arising from their quarterly reviews, interim and final audits, and any other matters which the external auditors may wish to discuss;

(iii) to ensure co-ordination where more than one audit firm is involved;

(iv) to review and assess the adequacy and effectiveness of the internal controls (including financial, operational, compliance, information technology controls and risk management) systems established by Management to identify, assess, manage, and disclose financial and non-financial risks;

(v) to monitor the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors annually and give recommendations to the Board and the Company in general meeting regarding the appointment, re-appointment or removal of the external auditors;

(vi) to review and ensure that assurance has been received from the Executive Director and Financial Controller in relation to the financial statements of the Group;

(vii) to review the internal audit programme and ensure co-ordination between the internal auditors and external auditors and the Management;

(viii) to review the quarterly, half-yearly and full year financial statements of the Company and of the Group, including announcements relating thereto, to shareholders and the SGX-ST, and thereafter to submit them to the Board for approval;

(ix) to review interested person transactions (as defined in Chapter 9 of the Listing Manual), potential conflict of interest and report its findings to the Board;

(x) to undertake such other reviews and projects as may be requested by the Board or as the Committees may consider appropriate; and

(xi) to undertake such other functions and duties as may be required by law or by the Listing Manual, as amended from time to time.

Apart from the duties listed above, the AC is given the task of commissioning investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position, and to review its findings.

The AC has full access to and the co-operation of Management and the full discretion to invite any Director or Executive Officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly. The external auditors have unrestricted access to the AC.

The AC recommends to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors and approving the remuneration of the external auditors. The AC had evaluated the performance of the external auditors based on the key indicators of audit quality and guidance, where relevant, as set out in the Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors, issued in July 2010 by SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA"). Accordingly, the AC has recommended to the Board the nomination of Messrs Ernst & Young LLP for reappointment as external auditors of the Company at the forthcoming AGM. The Company confirms that Rule 712, Rule 715 and Rule 716 of the Listing Manual in relation to the appointment of auditing firms for the Group have been complied with. The Board and the AC are satisfied that the appointment of different auditing firms for its Singapore-incorporated subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

None of the members of the AC was former partner or director of the Company's external auditors within a period of two years commencing on the date of their ceasing to be a partner or director of the external auditors and none of the AC members hold any financial interest in the external auditors. Provision 10.3

The annual audit plan is established in consultation with, but independent of the Management and tabled to the AC for approval. The AC has reviewed and approved the audit plan. Significant findings, recommendations and status of remediation are circulated to the AC, the Board and relevant Management.

The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors. The external auditors will work with the Management to ensure that the Group complies with the new accounting standards which have a direct impact on financial statements, if applicable.

In the review of the financial statements for FY2022, the AC had discussed with the Management and the external auditors on changes to accounting standards and significant issues and assumptions that impact the financial statements. The most significant matters had also been included in the Independent Auditor's Report to the members of the Company under "Key Audit Matters". Following the review, the AC is satisfied that those matters as follows had been properly dealt with. The Board had approved the financial statements.

Key Audit Matters	Approach and measurements
Impairment assessment of Property, plant and equipment ("**PPE**") and right-of-use assets ("**ROUA**")	The AC reviewed and is satisfied with the reasonableness of management's judgements and assumptions used in the value in use calculations to determine the recoverable amount of the cash generating units ("**CGU**"). The recoverable amount was determined using probability-based cash flow projection. The key estimates included revenue growth rate under various recovery scenarios, budgeted gross margin, budgeted operating costs and discount rate. AC is satisfied with the carrying value of the PPE and ROUA. The impairment review was also an area of focus for external auditor. The external auditor has included this as key audit matter in its auditor report for FY2022. Please refer to the page 82 of this Annual Report.
Impairment assessment of goodwill and investments in subsidiaries	The AC reviewed and is satisfied with the reasonableness of management's judgements and assumptions used in the value in use calculations to determine the recoverable amount of the CGU. The recoverable amount was determined using probability-based cash flow projection. The key estimates included revenue growth rate under various recovery scenarios, budgeted gross margin, budgeted operating costs and discount rate and long term growth rate. AC is satisfied with the carrying value of the goodwill and investment in subsidiaries. The impairment review was also an area of focus for external auditor. The external auditor has included this as key audit matter in its auditor report for FY2022. Please refer to the pages 82 to 83 of this Annual Report.

For FY2022, the AC has met with the external auditors and internal auditors without the presence of the Management and conducted a review of all non-audit services provided by the external auditors and was satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors. In FY2022, the aggregate amount of fees paid or payable to the Company's external auditors, Ernst & Young LLP, was S$95,000, comprising approximately S$78,000 of audit fees and S$17,000 of non-audit fees; whereas the aggregate amount of fees paid or payable to other auditors of the Group was S$287,000, comprising approximately S$189,000 of audit fees, and S$98,000 of non-audit fees. The breakdown is also set out in Note 7 of the Consolidated Audited Financial Statements of the Group for FY2022.

Provision 10.5

The Group has implemented a whistleblowing policy ("**WB Policy**") whereby accessible channels are provided for employees to raise concerns about possible improprieties to the Chairman of the AC in matters of financial reporting or other matters which they may become aware and if such event occurs, to ensure that:

(i) independent investigations are carried out in an appropriate and timely manner;

(ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and

(iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistleblowing in good faith and without malice.

The AC is responsible for oversight and monitoring of the WB Policy which is designed to provide guidance to the staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to their immediate superior or the AC Chairman.

Details of the WB Policy, together with the dedicated whistleblowing communication channels and procedures have been made available to all employees and disseminated to new employees as part of their orientation training. It has a well-defined process which ensures that the identification of the whistleblower is still kept as confidential, independent investigation of issues/concerns raised and arrangements in place for the independent investigation of such matters for appropriate follow-up actions to be taken and provides assurance that whistleblower will be protected from reprisal within the limits of the law or victimization for whistleblowing in good faith. Also, the AC reviews all the whistleblowing complaints (if any) at its quarterly AC meetings to ensure appropriate action is taken.

If there is any amendment or modification of the WB Policy regardless in whole or in part, at any time without assigning any reason whatsoever, it is subject to the approval of the Board of Directors.

No whistleblowing letter was received in FY2022.

The Group has an Internal Audit Department which reports directly to the Chairman of the AC. The Internal Audit Department has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Company and the Group. Provision 10.4

In FY2022, the Group's internal audit team was headed by Mr Chong Wee Siong, John, a Fellow member of the Association of Chartered Certified Accountants, Certified Internal Auditor (CIA) and Certified Risk and Management Assurance (CRMA) certified by the Institute of Internal Auditors. He has eleven years of experience in the audit field, particularly six years in internal audit. The Internal Audit Department carried out its function according to its Group Internal Audit Charter, which was drawn up according to the Standards for the Professional Practice of Internal Auditing set out by The Institute of Internal Auditors. None of the internal audit personnel had any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.

The AC reviews the adequacy and effectiveness of the internal audit function to ensure that internal audits function is conducted effectively, and that the Management provided the necessary co-operation to enable the internal auditors to perform the function. After having reviewed the internal audit reports and remedial actions implemented by Management, the AC is satisfied that the internal audit function is independent, effective, adequately resourced and is staffed with suitably qualified and experienced professionals with the relevant experience.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder rights and conduct of general meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company does not practise selective disclosure. In line with the continuous obligations of the Company under the Listing Manual and the Companies Act, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet. Provision 11.1

Accountability to shareholders is demonstrated through the presentation of the Group's quarterly and full year financial statements, results announcements and all announcements on the Group's business and operations.

The Management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis and when deemed appropriate by particular circumstances.

The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements and observes obligations of continuing disclosure under the Listing Manual. For example, in line with the Listing Manual, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements.

The Management maintains regular contact and communication with the Board by various means including the preparation and circulation to all Board members of quarterly and full year financial statements of the Group. This allows the Board to monitor the Group's performance as well as Management's achievements of the goals and objectives determined and set by the Board.

All shareholders are entitled to attend the Company's general meetings and are provided the opportunity to participate in the general meetings. Shareholders are also briefed by the Company or respective professional bodies on the rules, including voting procedures that govern general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. A member who is a Relevant Intermediary (as defined in Section 181 of the Companies Act) is allowed to appoint more than two proxies to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund ("**CPF**") Board which purchases shares on behalf of the CPF investors.

Notice of the general meetings is dispatched to shareholders, together with annual reports, explanatory notes or a circular on items of special businesses (if necessary), providing at least 14 days' notice (for ordinary resolutions) or at least 21 days' notice (for special resolutions) in writing (exclusive both of the day on which the notice is served or deemed to be served and of the day for which the notice is given).

All shareholders will receive the notice of general meetings, together with annual reports, explanatory notes or a circular on items of special businesses (if necessary) by post and the notice of general meetings will also be published in the newspapers within the mandatory period. The AGMs are held within four months after the close of the financial year.

The Company has conducted its AGM on 29 June 2021 in respect of financial year ended 28 February 2021 ("**FY2021**") by electronic means ("**AGM 2021**"). Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**") which was gazetted on 13 April 2020, shareholders were invited to participate in the virtual AGM 2021 by (a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the AGM 2021; and (c) appointing the Chairman of the AGM 2021 as proxy to attend, speak and vote on their behalf at the AGM 2021.

For AGM 2021, the notice of AGM 2021, proxy form, Annual Report 2021 and its Appendix in relation to the Proposed Renewal of the Share Purchase Mandate, were sent to the shareholders via electronic means via the publication on SGXNet and the Company's corporate website at https://ir.dfi.com.sg/.

As a precautionary measure due to current COVID-19 situation, shareholders will not be able to attend the Company's AGM 2022 in person. Instead, the Company will be holding its AGM 2022 by electronic means on 29 June 2022. Details of the steps for pre-registration, submission of questions and voting at the AGM 2022 by shareholders, are set out in the notice of AGM 2022 to be published on SGXNet and the Company's corporate website at https://ir.dfi.com.sg/.

Provision 11.2

The Company adheres to the requirements of the Rule 730A of the Listing Manual and the Code whereby all resolutions at the Company's general meetings are put to vote by poll. For cost effectiveness, the voting of the resolutions at the general meetings is conducted by manual polling. The detailed results of each resolution will be announced via SGXNet after the general meetings on the same day.

Each item of special business resolutions included in the notice of the general meetings will be accompanied by explanation of the effects of the proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings. There is no bundling of the resolutions as they are not interdependent and linked to each other.

Provision 11.3

The Chairman of the Board and the respective Chairman of the AC, NC and RC are normally present and available to address questions from shareholders at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries by shareholders.

For AGM 2021, save for the Non-Executive Chairman who has appointed General Tan Sri Dato' Sri Mohd Azumi bin Mohamed (Retired) to chair the AGM 2021, all the other directors and the external auditors have attended the AGM 2021 held on 29 June 2021 by electronic means.

Please refer to the Provision 11.1 for more details on the AGM 2021.

Provision 11.4

The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the shareholders' identities through the web are not compromised.

Provision 11.5

The Company will make the minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board and Management, available to shareholders upon their requests. Where the general meetings are held by electronic means, the minutes of the said general meetings will be published on SGXNet and the Company's corporate website at https://ir.dfi.com.sg/ within one month after the general meetings.

The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Company has not declared or recommended a dividend for FY2022 as the Group reported a loss for FY2022. Provision 11.6

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilities the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Board welcomes the views of shareholders on matters affecting the Group, whether at the general meetings of shareholders or on an ad-hoc basis. At the general meetings, shareholders will be given the opportunity to express their views and ask Directors or the Management questions regarding the Group. Provision 12.1

For AGM 2021, the Company had responded the shareholders' substantial questions and queries from the Securities Investors Association (Singapore) in respect of the Company's Annual Report 2021, and announced the Company's responses to those questions and queries via SGXNet on 28 June 2021. The Company has also published the minutes of the AGM 2021 proceedings, including responses to questions raised by shareholders in advance of AGM 2021 on 19 July 2021 via SGXNet and its corporate website at https://ir.dfi.com.sg/.

Shareholders are informed of general meetings through announcements released via SGXNet and notices contained in the annual reports or circulars sent to all shareholders. Provision 12.2

The Company ensures that timely and adequate disclosure of information on matters of material impact on the Company are made to shareholders via the SGXNet and press where appropriate, in compliance with the requirements set out in the Listing Manual, with particular reference to the Corporate Disclosure Policy set out therein. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

Communication to shareholders by the Company is made through: Provision 12.3

(i) annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Companies Act and Singapore Financial Reporting Standards;

(ii) quarterly announcements containing a summary of the financial information and affairs of the Group for that period;

(iii) notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("**EGMs**"); and

(iv) the Company's corporate website at https://www.dfi.com.sg at which shareholders can access financial information, corporate announcements, press releases, annual reports and the profile of the Group.

Apart from the mandatory announcements through SGX-ST, the Company also established a dedicated section on "Investor Relations Enquiries" at its corporate website at https://www.dfi.com.sg to further enhance communication with the investors or other stakeholders.

The Company does not practise selective disclosure. Price sensitive information is first publicly released through the SGXNet before the Company meets with any investors or analysts.

Shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay informed of the Group's strategies and growth plans. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the general meetings.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interest of the company are served.

Provision 13.1
Provision 13.2
Provision 13.3

The Company has its materiality assessment process to identify their key stakeholders who have direct influence on the business and operations but not limited to customers, employees, Board of Directors, Government, Investors, Suppliers and Financiers via the engagement platforms, areas of concern and its frequency announced to SGX-ST via its Sustainability Report 2021 announced on 29 July 2021 for FY2021. The Sustainability Report for FY2022 is released together with this Annual Report which detailed information is set out in pages 17 to 50 of this Annual Report.

The stakeholders can access the said Sustainability Report 2021 and other relevant announcement such as financial information, corporate announcements, press releases, annual reports and the profile of the Group via Company's corporate website at https://ir.dfi.com.sg/.

(F) DEALINGS IN COMPANY'S SECURITIES

The Company has adopted and implemented policies in line with the SGX-ST's best practices in relation to dealing in the securities of the Company. The Company and its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full-year financial results, and ending on the date of the announcement of the relevant results. Officers of the Company are also discouraged from dealing in the Company's securities on short-term considerations and in circumstances where they are in possession of unpublished price-sensitive information of the Group. They are also advised to be mindful of the laws on insider-trading at all times.

In addition, the Company will not undertake any purchase or acquisition of its own shares pursuant to its share buyback mandate at any time after a price sensitive development has occurred or has been the subject of a decision, until the price sensitive information has been publicly announced.

(G) INTERESTED PERSON TRANSACTIONS

The Company has established procedures for recording and reporting interested person transactions in a timely manner to the AC and such transactions are conducted at arm's length basis and will not be prejudicial to the interests of the Company and its minority shareholders.

The aggregate value of the interested person transactions entered into by the Group during the financial year was as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RM'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) (RM'000)
Atlan Holdings Bhd.	Immediate holding company	1,200	–

The Company does not have any existing general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual.

(H) MATERIAL CONTRACTS

Save for the service agreement entered into between the Executive Director and the Company, there was no material contract entered into by the Company and any of its subsidiaries involving the interests of any Director or controlling shareholders, either still subsisting at the end of FY2022, or if not then subsisting, entered into since the end of the previous financial year ended 28 February 2021.

(I) USE OF PROCEEDS FROM PLACEMENT EXERCISES

The Company had, on 7 March 2016, 24 March 2016, 11 August 2016, 26 August 2016, and 23 March 2017 completed five placement exercises of (i) 39 million new ordinary shares, (ii) 5.5 million treasury shares, (iii) 20 million new ordinary shares, (iv) 30 million new ordinary shares and (v) 34.15 million new ordinary shares in the capital of the Company respectively (total 128.65 million new ordinary shares), raising a total net proceeds of S$43.6 million.

As at the date of this report, the Company has utilised the net proceeds from the placement exercises as detailed below:-

(a) US$2.80 million (or approximately S$3.82 million) for the subscription for 2,800,000 new ordinary shares in Brand Connect Holding Pte. Ltd. announced on 8 August 2018;

(b) US$850,000 (or approximately S$1.16 million) for the purchase of inventories and payment of professional fees in relation to the acquisition of Brand Connect Holdings Pte. Ltd. Group announced on 9 November 2018;

(c) US$800,000 (or approximately S$1.10 million) for the purchase of inventories for Brand Connect Holding Pte. Ltd. Group announced on 5 December 2018;

(d) US$10.93 million (or approximately S$14.91 million) for the acquisition of 31,494,575 ordinary shares in DFZ Capital Sdn. Bhd. announced on 7 December 2021; and

(e) US$1.53 million (or approximately S$2.09 million) for the payment of trade payables due to Heinemann Asia Pacific Pte. Ltd. announced on 7 December 2021.

The amount remaining from the net proceeds as at date of this report is approximately S$20.52 million and the Company will make periodic announcements as and when the net proceeds from the abovementioned placement exercises is materially disbursed.

FINANCIAL STATEMENTS

The directors present their statement to the members together with the audited consolidated financial statements of Duty Free International Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 28 February 2022.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 28 February 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Dato' Sri Adam Sani bin Abdullah	Non-Executive Chairman
Lee Sze Siang	Executive Director
General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired)	Lead Independent Director
Dato' Megat Hisham bin Megat Mahmud	Independent Director
Chew Soo Lin	Independent Director

Arrangements to enable directors to acquire shares or debentures

Except as described aforesaid and below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares, warrants or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares, warrants or debentures of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**As at 01.03.2021**	**As at 28.02.2022**	**As at 01.03.2021**	**As at 28.02.2022**
Ordinary shares of the Company				
Dato' Sri Adam Sani bin Abdullah	–	–	905,028,113[(1)]	905,028,113[(1)]
Chew Soo Lin	2,669,399	2,669,399	133,000[(2)]	133,000[(2)]
Ordinary shares in the immediate holding company (Atlan Holdings Bhd)				
Dato' Sri Adam Sani bin Abdullah	–	–	130,319,214[(3)]	130,319,214[(3)]
Chew Soo Lin	3,842,966	3,842,966	–	–

(1) Dato' Sri Adam Sani Bin Abdullah is deemed to have interest in the 905,028,113 shares held by Atlan Holdings Bhd through Chesterfield Trust Company Limited as Trustees of The Lim Family Trust by virtue of himself as the settlor, initial Protector and a primary beneficiary of The Lim Family Trust.

(2) Chew Soo Lin is deemed interested in the 133,000 shares held by his mother, Chong Sai Noi @ Chong Mew Leng.

(3) Deemed interested held though Chesterfield Trust Company Limited as Trustees of The Lim Family Trust in Distinct Continent Sdn. Bhd. and Alpretz Capital Sdn. Bhd. by virtue of himself being the Settlor, initial Protector and a primary beneficiary of Trust.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 March 2022.

Except as disclosed in this report, no director who held office at the end of the financial year had an interest in shares, warrants or debentures of the Company or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Options

There is presently no option scheme on unissued shares of the Company or any related corporation in the Group.

Audit Committee

The Audit Committee (the "AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act 1967, including the following:

(a) Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;

(b) Reviewed the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Group and the Company before their submission to the Board of Directors (the "Board");

(c) Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational, information technology and compliance controls and risk management via reviews carried out by the internal auditors;

(d) Met with the external auditors, internal auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

(e) Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(f) Reviewed the cost effectiveness and the independence and objectivity of the external auditors;

(g) Reviewed the nature and extent of non-audit services provided by the external auditors;

(h) Recommended to the Board the external auditors to be nominated, approved the compensation of the external auditors and reviewed the scope and results of the audit;

(i) Reported actions and minutes of the AC to the Board with such recommendations as the AC considered appropriate; and

(j) Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened five meetings during the financial year with full attendance from all members. The AC has also met with internal auditors and external auditors, without the presence of the Company's management, at least once during the financial year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board:

Dato' Sri Adam Sani bin Abdullah
Director

Lee Sze Siang
Director

Singapore
25 May 2022

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Duty Free International Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 28 February 2022, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 28 February 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (cont'd)

Impairment assessment of property, plant and equipment ("PPE") and right-of-use assets ("ROUA")

As at 28 February 2022, the net carrying amount of the Group's PPE and ROUA is RM54.5 million and RM112.8 million, which represents 30% and 61% of the non-current assets respectively. During the year ended 28 February 2022, management did not recognise any impairment loss on PPE and ROUA. This is in view of the major easing of COVID-19 measures as Malaysia, Singapore and Thailand move to open its borders subsequent to the current financial year end. As such, no impairment loss was recognised for the year ended 28 February 2022 based on management's forecasted cashflows for the significant cash-generating units ("CGU") of the Group. Management's impairment assessment of these assets remains significant to the audit due to magnitude of the amount, heightened level of estimation uncertainty associated with current market and economic condition and it involved significant management judgment. Hence, we consider this to be a key audit matter.

The recoverable amounts of the PPE and ROUA have been determined based on value in use calculations using probability-based cash flow projections approved by management. Our audit procedures included, amongst others, reviewing management's identification of impairment indicators. In evaluating management's estimation of the recoverable amount, we tested management's key assumptions underlying the value-in-use calculation. The key assumptions include the revenues growth rates under various recovery scenarios, budgeted gross margin, budgeted operating costs and discount rates.

We evaluated these estimates based on our knowledge of the business and available industry news providing insights on the different scenarios of possible recovery of passenger traffic for outlets located at airports and land borders. We assessed the reasonableness of the revenue growth rates and budgeted gross margin, taking into consideration past performance with further consideration of the current market condition due to COVID-19, by comparing them to industry information on market outlook and expected recovery scenarios. We compared the budgeted operating costs to historical results taking into account cost-cutting measures undertaken by the Group during the COVID-19 period, such as closure of non-profitable outlets and reduction in human resource costs. Where applicable, we also compared the assumptions to financial results available subsequent to year end. We involved our internal valuation specialist to assess the reasonableness of the discount rates by checking to comparable companies in the same industry. We also reviewed the adequacy of the disclosures in Note 11 and Note 25 to the financial statements.

Impairment assessment of goodwill and investment in subsidiaries

The carrying amount of goodwill is RM5.8 million, net of accumulated impairment losses of RM23.0 million as at 28 February 2022. During the year ended 28 February 2022, management did not recognise any further impairment on goodwill. Investment in subsidiaries amounted to RM556.3 million, net of accumulated impairment losses of RM365.0 million as at 28 February 2022. During the year ended 28 February 2022, management did not recognise any further impairment on investment in subsidiaries. We considered the audit of management's impairment assessment of these assets to be a key audit matter because the assessment process involved significant management judgment and heightened level of estimation uncertainty associated with current market and economic condition.

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using probability-based cash flow projections approved by management. For the value-in-use calculations, we have performed similar procedures as described in key audit matter on Impairment assessment of PPE and ROUA. Additionally, we also involved our internal valuation specialist to assess the reasonableness of the long-term growth rate by comparing it to external data such as economic growth and inflation rate.

Key Audit Matters (cont'd)

Impairment assessment of goodwill and investment in subsidiaries (cont'd)

For the assumption on renewal of the Group's duty free license agreement, we inquired with senior management on their historical renewal experience and their assessment of the Group's ability to renew the agreement. We also reviewed the adequacy of the disclosures in Note 13 and Note 14 to the financial statements.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Lai Hiang.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
25 May 2022

CONSOLIDATED
INCOME STATEMENT

For the financial year ended 28 February 2022

	Note	Group 2022 RM'000	Group 2021 RM'000
Revenue	4	99,125	223,399
Changes in inventories		(24,589)	(57,776)
Inventories purchased and materials consumed		(54,639)	(133,371)
Other income	5	16,069	12,274
Employee benefits expenses	6	(12,043)	(21,928)
Depreciation of property, plant and equipment	11	(4,096)	(5,479)
Depreciation of right-of-use assets	25	(7,729)	(8,141)
Amortisation of intangible assets	15	(162)	(177)
Impairment loss on property, plant and equipment	11	–	(120)
Impairment loss on right-of-use assets	25	–	(84)
Impairment of goodwill	13	–	(11,474)
Rental of premises		(755)	(8,954)
Commission expenses		(86)	(173)
Professional fees		(1,676)	(1,720)
Utilities and maintenance expenses		(1,478)	(2,260)
Realised foreign exchange loss		(1,107)	(572)
Unrealised foreign exchange gain		3,432	1,229
Other operating expenses	7	(11,046)	(17,854)
Operating loss		(780)	(33,181)
Finance costs	8	(6,199)	(6,183)
Loss before tax		(6,979)	(39,364)
Income tax benefit/(expense)	9	1,002	(7,163)
Loss for the year		(5,977)	(46,527)
Attributable to:			
Owners of the Company		(3,637)	(41,778)
Non-controlling interests		(2,340)	(4,749)
		(5,977)	(46,527)
Loss per share attributable to owners of the Company (sen per share)			
Basic	10	(0.30)	(3.49)
Diluted	10	(0.30)	(3.49)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 28 February 2022

	Group	
	2022	**2021**
	RM'000	RM'000
Loss for the year	(5,977)	(46,527)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	801	(963)
Total comprehensive income for the year	(5,176)	(47,490)
Attributable to:		
Owners of the Company	(2,892)	(42,770)
Non-controlling interests	(2,284)	(4,720)
Total comprehensive income for the year	(5,176)	(47,490)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 28 February 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	54,532	58,530	–	–
Goodwill	13	5,818	5,818	–	–
Investments in subsidiaries	14	–	–	556,259	510,340
Intangible assets	15	–	162	–	–
Prepayments	17	3,500	3,000	–	–
Deferred tax assets	18	7,403	5,295	–	–
Right-of-use assets	25	112,776	119,426	–	–
		184,029	192,231	556,259	510,340
Current assets					
Biological assets	12	155	100	–	–
Trade and other receivables	16	48,774	58,869	125	9
Prepayments	17	1,775	2,699	–	–
Inventories	19	53,567	72,691	–	–
Cash and bank balances	20	153,401	195,015	83,970	122,028
Tax recoverable		6,453	4,289	–	–
		264,125	333,663	84,095	122,037
Total assets		448,154	525,894	640,354	632,377
Equity and liabilities					
Current liabilities					
Borrowings	21	79	6,346	–	–
Trade and other payables	22	15,470	38,444	570	1,319
Provision for restoration costs	23	110	235	–	–
Contract liabilities	4	–	210	–	–
Lease liabilities	25	504	520	–	–
Income tax payable		454	3,600	10	383
		16,617	49,355	580	1,702
Net current assets		247,508	284,308	83,515	120,335

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current liabilities					
Deferred tax liabilities	18	6,037	6,266	1,655	1,655
Derivative liabilities	24	222	222	515	515
Lease liabilities	25	93,787	87,386	–	–
Provision for restoration costs	23	672	672	–	–
Borrowings	21	49	128	–	–
		100,767	94,674	2,170	2,170
Total liabilities		117,384	144,029	2,750	3,872
Net assets		330,770	381,865	637,604	628,505
Equity attributable to owners of the Company					
Share capital	26	487,902	487,902	978,724	978,724
Treasury shares	26(c)	(22,017)	(22,017)	(22,017)	(22,017)
Other reserves	26(a)	(180,916)	(145,204)	661	661
Retained earnings/(accumulated losses)		45,608	49,245	(319,764)	(328,863)
		330,577	369,926	637,604	628,505
Non-controlling interests		193	11,939	–	–
Total equity		330,770	381,865	637,604	628,505
Total equity and liabilities		448,154	525,894	640,354	632,377

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN EQUITY
For the financial year ended 28 February 2022

	Attributable to owners of the Company										
	Ordinary shares RM'000	Treasury shares RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Net premium paid/ received on transactions with non-controlling interests RM'000	Gain on reissuance of treasury shares RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Group											
Opening balance at 1 March 2021	487,902	(22,017)	(145,204)	(139)	(142,893)	661	(2,833)	49,245	369,926	11,939	381,865
Loss for the year	–	–	–	–	–	–	–	(3,637)	(3,637)	(2,340)	(5,977)
Other comprehensive income for the year	–	–	745	745	–	–	–	–	745	56	801
Total comprehensive income for the year	–	–	745	745	–	–	–	(3,637)	(2,892)	(2,284)	(5,176)
Transactions with non-controlling interests:											
Transfer to reserves	–	–	(532)	–	–	–	(532)	–	(532)	532	–
Effect of changes in shareholdings	–	–	(35,925)	–	(35,925)	–	–	–	(35,925)	(9,994)	(45,919)
Total transactions with non-controlling interests	–	–	(36,457)	–	(35,925)	–	(532)	–	(36,457)	(9,462)	(45,919)
Closing balance at 28 February 2022	487,902	(22,017)	(180,916)	606	(178,818)	661	(3,365)	45,608	330,577	193	330,770

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Attributable to owners of the Company										
	Ordinary shares	Treasury shares	Total other reserves	Foreign currency translation reserve	Net premium paid/ received on transactions with non-controlling interests	Gain on reissuance of treasury shares	Capital reserve	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group											
Opening balance at 1 March 2020	616,752	(22,017)	(144,647)	853	(142,413)	661	(3,748)	91,023	541,111	16,286	557,397
Loss for the year	–	–	–	–	–	–	–	(41,778)	(41,778)	(4,749)	(46,527)
Other comprehensive income for the year	–	–	(992)	(992)	–	–	–	–	(992)	29	(963)
Total comprehensive income for the year	–	–	(992)	(992)	–	–	–	(41,778)	(42,770)	(4,720)	(47,490)
Transactions with owners:											
Capital reduction	(128,850)	–	–	–	–	–	–	–	(128,850)	–	(128,850)
Total transactions with owners	(128,850)	–	–	–	–	–	–	–	(128,850)	–	(128,850)
Transactions with non-controlling interests:											
Transfer to reserves	–	–	(1,114)	–	–	–	(1,114)	–	(1,114)	1,114	–
Changes in financial liability	–	–	2,029	–	–	–	2,029	–	2,029	–	2,029
Effect of changes in shareholdings	–	–	(480)	–	(480)	–	–	–	(480)	(741)	(1,221)
Total transactions with non-controlling interests	–	–	435	–	(480)	–	915	–	435	373	808
Closing balance at 28 February 2021	487,902	(22,017)	(145,204)	(139)	(142,893)	661	(2,833)	49,245	369,926	11,939	381,865

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

For the financial year ended 28 February 2022

Company	Ordinary shares RM'000 (Note 26)	Treasury shares RM'000	Others reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Total equity RM'000
Opening balance at 1 March 2021	978,724	(22,017)	661	(328,863)	628,505
Profit for the year	–	–	–	9,099	9,099
Total comprehensive income for the year	–	–	–	9,099	9,099
Closing balance at 28 February 2022	978,724	(22,017)	661	(319,764)	637,604
Opening balance at 1 March 2020	1,107,574	(22,017)	661	2,464	1,088,682
Loss for the year	–	–	–	(331,327)	(331,327)
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(331,327)	(331,327)
Transactions with owners:					
Capital reduction	(128,850)	–	–	–	(128,850)
Total transactions with owners	(128,850)	–	–	–	(128,850)
Closing balance at 28 February 2021	978,724	(22,017)	661	(328,863)	628,505

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
CASH FLOW STATEMENT
For the financial year ended 28 February 2022

	Note	Group 2022 RM'000	Group 2021 RM'000
Cash flows from operating activities			
Loss before tax		(6,979)	(39,364)
Adjustments for:			
Amortisation of intangible assets	15	162	177
Depreciation of property, plant and equipment	11	4,096	5,479
Depreciation of right-of-use assets	25	7,729	8,141
Impairment loss on property, plant and equipment	11	–	120
Impairment loss on right-of-use assets	25	–	84
Bad debts written off	7	47	13
Impairment loss on receivables	7	101	722
Finance costs	8	6,199	6,183
Gain arising from lease terminations	25	–	(739)
Lease concessions	25	(218)	(206)
Gain arising from changes in fair values of biological assets	12	(55)	(74)
Gain on disposal of property, plant and equipment	5	(84)	(50)
Interest income	5	(4,586)	(5,370)
Inventories written off	7	77	334
Reversal of inventories written down	5	(5,670)	–
Inventories written down	7	–	2,605
Impairment of goodwill	13	–	11,474
Net unrealised foreign exchange gain		(3,432)	(1,229)
Property, plant and equipment written off	7	19	84
Reversal of impairment losses on receivables		(209)	–
Reversal of short term accumulating compensated absences	6	(55)	(73)
Operating cash flows before changes in working capital		(2,858)	(11,689)
Changes in working capital			
Decrease in trade and other receivables		10,243	22,627
Decrease/(increase) in prepayments		424	(2,945)
Decrease in inventories		24,716	57,776
Decrease in trade and other payables		(24,425)	(42,395)
Cash flows from operations		8,100	23,374
Interest paid		(87)	(394)
Income taxes paid		(6,645)	(8,706)
Net cash flows generated from operating activities		1,368	14,274

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group 2022 RM'000	Group 2021 RM'000
Cash flows from investing activities			
Interest received		4,586	5,370
Payment for acquisition of equity interest in subsidiary, net of cash acquired		(45,919)	–
Proceeds from disposal of property, plant and equipment		84	158
Purchase of property, plant and equipment		(117)	(215)
Net cash flows (used in)/generated from investing activities		(41,366)	5,313
Cash flows from financing activities			
Increase in pledged fixed deposits		(154)	(321)
Payment of lease liabilities	21	(700)	(1,431)
Repayment of other short term borrowings	21	(6,249)	(28,093)
Net repayment of obligations under finance leases	21	(97)	(424)
Capital reduction	26	–	(128,850)
Net cash used in financing activities		(7,200)	(159,119)
Net decrease in cash and cash equivalents		(47,198)	(139,532)
Effects of foreign exchange rate changes		5,430	(422)
Cash and cash equivalents at beginning of the year		185,229	325,183
Cash and cash equivalents at end of the year	20	143,461	185,229

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Duty Free International Limited (the Company) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The holding company is Atlan Holdings Bhd. ("Atlan"). Atlan is a public limited company incorporated in Malaysia and listed on Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at 138 Cecil Street #12-01A Cecil Court, Singapore 069538.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 14 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Malaysian Ringgit (RM) and all values in the tables are rounded to the nearest thousand (RM'000), except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 March 2021 and early adopted the amendment to SFRS(I) 16 *Leases*: COVID-19-Related Rent Concessions beyond 30 June 2021 that is effective for annual periods beginning on or after 1 April 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

<u>Amendment to SFRS(I) 16 *Leases*: COVID-19-Related Rent Concessions beyond 30 June 2021</u>

The Group has early adopted the amendment to SFRS(I) 16 *Leases*: COVID-19-Related Rent Concessions beyond 30 June 2021 and has applied the practical expedient applicable in this amendment that is effective for annual periods beginning on or after 1 April 2021.

The standard allows the lessee to extend the amendment to SFRS(I) 16 *Leases*: COVID-19-Related Rent Concessions previously early adopted by the Group for the year ended 28 February 2021 by one year to 30 June 2022 to account for any COVID-19 related rent concessions received as a variable lease payment with the effect of the rent concession recognised directly in the income statement, rather than a lease modification, which generally requires a lessee to remeasure the lease liability by discounting the revised lease payments using a new discount rate under SFRS(I) 16 *Leases*.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies and disclosures (cont'd)

Amendment to SFRS(I) 16 *Leases*: COVID-19-Related Rent Concessions beyond 30 June 2021 (cont'd)

Accounting for any COVID-19-related rent concessions directly in the income statement is permissible provided the following conditions are met:

– The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

– Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

– There is no substantive change to other terms and conditions of the lease

The amendment is applicable for annual reporting periods beginning on or after 1 April 2021 and earlier application is permitted. The Group has early adopted this amendment for the year ended 28 February 2022 and has applied the practical expedient available in the standard.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	***Effective for annual periods beginning on or after***
Amendments to SFRS(I) 3: Reference to Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 10 and SFRS (I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
– De-recognises the carrying amount of any non-controlling interest;
– De-recognises the cumulative translation differences recorded in equity;
– Recognises the fair value of the consideration received;
– Recognises the fair value of any investment retained;
– Recognises any surplus or deficit in profit or loss;
– Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquire (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

Acquisitions of subsidiaries that includes put options to acquire non-controlling interests in the future are accounted for in accordance with SFRS(I) 10 Consolidated Financial Statements. During the period the non-controlling interests put options remain unexercised, the non-controlling interests are calculated and immediately derecognised as though it was acquired at that date. A financial liability with respect to put options is recognised in accordance with SFRS(I) 9 Financial Instruments: Recognition and Measurement. The difference between derecognition of the non-controlling interests and recognition of the financial liabilities is accounted for as an equity transaction, and disclosed under capital reserve in equity.

2. Summary of significant accounting policies (cont'd)

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The Group's consolidated financial statements are presented in Malaysian Ringgit ("RM"), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.18. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment other than leasehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Capital-work-in-progress, which comprise the refurbishment and renovation of building and land improvements are not depreciated as these assets are not available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, as follows:

Buildings	over 27 to 48 years
Golf course	over the remaining lease term of 38 years
Furniture and fittings	5 to 10 years
Electrical installation and air conditioner	5 to 10 years
Other assets	5 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Distribution rights

The distribution rights were acquired in business combinations and amortised on a straight line basis over its finite useful life of 3 years. The useful lives of the distribution rights are estimated based on the current contract duration.

2.9 Bearers trees and biological assets

Bearer trees are living plants used in the production or supply of agricultural produce which are expected to bear produce for more than one period and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer trees mainly include mature and oil palm plantations and are recognised as non-current assets measured at cost less accumulated depreciation. Mature plantations are depreciated on a straight-line basis over its estimated useful life of 25 years.

In general, oil palms are considered mature over 30 to 36 months after field planting.

The carrying values of bearer trees are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

Bearer trees are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer trees is included in the income statement in the year the bearer plant is derecognised.

Produce that grows on mature plantations are recognised as biological assets measured at fair value less estimated point-of-sale costs. Point-of-sale costs include all costs that would be necessary to sell the produce.

2. Summary of significant accounting policies (cont'd)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (cont'd)

2.12 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

At initial recognition, the Group measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investments in debt instruments</u>

The subsequent measurement of financial assets depends on their classification as follows:

(a) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. 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. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. 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.

For debt instruments at fair value through other comprehensive income ("OCI"), the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2. Summary of significant accounting policies (cont'd)

2.16 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent measurement

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

Financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. Summary of significant accounting policies (cont'd)

2.19 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF") and companies in Singapore make contributions to the Central Provident Fund scheme ("CPF").

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they are accrued to employees. An accrual is made for estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

(d) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date in accordance with the provisions of the employment contract and/or local labour laws.

2.20 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.20 Leases (cont'd)

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	–	Over 92 years
Land use rights	–	39 to 99 years
Office premises, retail outlets, warehouse, staff quarters	–	1 to 19 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policy in Note 2.10.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. Summary of significant accounting policies (cont'd)

2.20 Leases (cont'd)

Group as a lessee (cont'd)

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group has applied the Amendment to SFRS(I) 16 *Leases*: COVID-19-Related Rent Concessions. The Group applies the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company assesses whether there is a lease modification.

2.21 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from sale of goods is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Consignment sales

The Group acts as an agent to sell consignment goods at their premise. The Group recognises the net amount of consideration that the Group retains after paying the consignor as and when the goods are sold.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) Revenue from parking operations

Revenue from parking operations is recognised as and when the services are rendered.

(v) Management income

Management income is received from a third-party operator who manages the golf course of a subsidiary. The income is recognised on an accrual basis.

2. Summary of significant accounting policies (cont'd)

2.21 Revenue (cont'd)

(vi) Sale of fresh oil palm fruit bunches

Revenue from sale of fresh oil palm fruit bunches is recognised when significant risks and rewards of ownership of goods are transferred to the customer.

(vii) Interest income

Interest income is recognised using the effective interest method.

2.22 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When government grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Grant relating to income are presented as part of profit or loss under "Other income".

2.23 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.23 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of goods & services tax included.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results for the purpose of making decisions about resource allocation and performance assessment.

Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. Summary of significant accounting policies (cont'd)

2.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

The Group's own equity instruments, which are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase or cancellation of ordinary shares.

2.26 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.27 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management is of the opinion that there is no instance of application of judgment which is expected to have a significant impact on the amounts recognised in the consolidated financial statements, apart from those involving estimations described below.

3. Significant accounting judgments and estimates (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

Management performs impairment testing for the following assets:

- Goodwill;
- Property, plant and equipment;
- Right-of-use assets;
- Investments in subsidiaries

The above non-financial assets are tested whenever there is an indication of impairment, except goodwill which is tested for impairment annually. Impairment is recognised when events and circumstances indicate that the non-financial assets may be impaired and the carrying amounts of the non-financial assets exceed the recoverable amounts. Recoverable amount is defined as the higher of the non-financial assets' fair value less costs to sell and its value-in-use.

When value-in-use calculations are undertaken, Management estimates the recoverable amount based on a discounted cash flow model. The cash flows are derived from the budget approved by the Management. The recoverable amount is sensitive to budgeted gross margin, revenue growth rate as well as the discount rate used for the discounted cash flow model. For impairment assessment of goodwill and investments in subsidiaries, in addition to assumptions mentioned above, the recoverable amount is also sensitive to long term growth rate. Changes in these assumptions may result in changes in recoverable values.

The COVID-19 pandemic has affected the Group's business operations significantly in FY2022 due to the unprecedented level of market volatilities and economic uncertainties. The high level of uncertainties associated with the current market and economic condition had affected the assumptions used in the value-in-use calculations. The determination of value-in-use calculations was based on a range of probability-weighted possible outcomes and these possible outcomes (recovery scenarios) included the expected effects that the pandemic might have on the cash flows projections such as the expected loss of earnings and estimated cost saving from cost-cutting measures undertaken by the Group.

The carrying amount of the non-financial assets as at 28 February 2022 and related assumptions are disclosed in their respective notes to the financial statements.

Non-financial assets	*Notes to the financial statements*
Property, plant and equipment	11
Goodwill	13
Investments in subsidiaries	14
Right-of-use assets	25

4. Revenue

	Group	
	2022	**2021**
	RM'000	RM'000
Sale of goods	97,299	222,699
Parking operations	–	51
Sale of fresh oil palm fruit bunches	1,823	646
Rental income	3	3
	99,125	223,399
Timing of transfer of goods and services		
At a point in time	99,125	223,399

<u>Contract liabilities</u>

	Group	
	2022	**2021**
	RM'000	RM'000
Contract liabilities	–	210

Contract liabilities primarily relate to the Group's obligation to transfer goods to customers for which the Group has received advances from customers for sale of goods. Contract liabilities are recognised as revenue as the Group performs its obligations under the contract. Contract liabilities have decreased due to a decrease in the Group's customer base.

Set out below is the amount of revenue recognised from:

	Group	
	2022	**2021**
	RM'000	RM'000
Revenue recognised that was included in the contract liabilities balance at the beginning of year	210	8,876

<u>Transaction price allocated to remaining performance obligations</u>

Management expected that the transaction price allocated to the unsatisfied performance obligations as at 28 February 2021 of RM210,000 would be recognised as revenue in the year ended 28 February 2022. The Group has no unsatisfied performance obligations as at 28 February 2022.

5. Other income

	Group	
	2022	2021
	RM'000	RM'000
Interest income from licensed banks	986	1,778
Interest income from Berjaya Waterfront Sdn. Bhd. (Note 16)	3,600	3,592
Rental income		
- advertisement space	608	1,460
- property, plant and equipment	154	262
Commission income	23	64
Promotion income	60	483
Incentive income received from suppliers	39	196
Gain arising from changes in fair value of biological assets	55	74
Gain on disposal of property, plant and equipment	84	50
Gain on lease terminations	–	739
Lease concessions	218	206
Reversal of inventories written down	5,670	–
Reversal of impairment loss on receivables	209	–
Warehousing and logistics income	–	3
Miscellaneous income	4,363	3,367
	16,069	12,274

Included in miscellaneous income were government grants of RM2,073,000 (2021: RM598,000) received by the Group under the wage subsidy programmes introduced in Malaysia and Singapore in response to the COVID-19 pandemic.

6. Employee benefits expenses

	Group	
	2022	2021
	RM'000	RM'000
Wages and salaries	10,012	14,670
Contributions to defined contribution plan	1,121	1,779
Accommodation benefits	131	158
Staff welfare	189	290
Social security contributions	148	229
Medical benefits	81	56
Staff uniforms	1	16
Reversal of short term accumulating compensated absence	(55)	(73)
Termination benefits	–	3,827
Other benefits	415	976
	12,043	21,928

Included in other benefits was payment of retirement gratuity of RM333,500 (2021: RM Nil) to a director who had retired during the financial year.

7. Other operating expenses

The following items have been included in arriving at other operating expenses:

	Group	
	2022	2021
	RM'000	RM'000
Non-executive directors' remuneration	449	442
Assessment and quit rent	1,040	1,051
Auditors' remuneration:		
Audit fees:		
- Auditors of the Company	242	161
- Other auditors	584	641
Non-audit fees:		
- Auditors of the Company	53	11
- Other auditors	304	83
Bank charges	1,400	1,635
Bad debts written off	47	13
Donations	256	750
Impairment loss on receivables	101	722
Insurance	603	946
Inventories written down	–	2,605
Inventories written off	77	334
Management fees	1,505	2,347
Packing materials	60	120
Printing and stationery	69	129
Property, plant and equipment written off	19	84
Transportation costs	425	1,037
Travelling expenses	188	308

8. Finance costs

	Group	
	2022	2021
	RM'000	RM'000
Interest expense on:		
- Bank borrowings	78	369
- Obligations under finance leases	9	25
- Lease liabilities	6,112	5,789
	6,199	6,183

9. Income tax (benefit)/expense

Major components of income tax (benefit)/expense

The major components of income tax (benefit)/expense for the financial years ended 28 February 2022 and 28 February 2021 are:

	Group 2022 RM'000	Group 2021 RM'000
Consolidated income statement:		
Current income tax:		
- Current income taxation	1,540	2,720
- (Over)/under provision in respect of previous years	(205)	4,799
	1,335	7,519
Deferred income tax (Note 18):		
- Origination and reversal of temporary differences	(3,095)	(653)
- Under provision in respect of previous years	758	297
	(2,337)	(356)
Income tax (benefit)/expense recognised in profit or loss	(1,002)	7,163

Relationship between income tax (benefit)/expense and accounting loss

A reconciliation between income tax (benefit)/expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 28 February 2022 and 28 February 2021 is as follows:

	Group 2022 RM'000	Group 2021 RM'000
Loss before tax	(6,979)	(39,364)
Tax at Malaysia's statutory rate of 24%	(1,675)	(9,447)
Adjustments:		
Income not subject to taxation	(409)	(42)
Non-deductible expenses	379	5,013
Effect of different tax rates in other country	(34)	229
Effect of tax relief	(74)	(74)
Deferred tax assets not recognised	258	6,388
Under provision of deferred tax in respect of previous years	758	297
(Over)/under provision of current tax in respect of previous years	(205)	4,799
Income tax (benefit)/expense recognised in profit or loss	(1,002)	7,163

10. Earnings per share

Basic earnings per share are calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share are calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the loss and share data used in the computation of basic and diluted earnings per share for the years ended 28 February 2022 and 28 February 2021, respectively:

	Group	
	2022	**2021**
	RM'000	RM'000
Loss net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share from continuing operations	(3,637)	(41,778)
	No. of shares	**No. of shares**
	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,198,199	1,198,199
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,198,199	1,198,199

11. Property, plant and equipment

Group	**Buildings**	**Golf course**	**Bearer trees**	**Capital work-in-progress**	**Furniture and fittings**	**Electrical installation and air conditioner**	**Other assets**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost or valuation:								
At 1 March 2020	35,725	44,648	2,825	–	3,979	5,171	48,172	140,520
Additions	6	–	–	14	28	38	136	222
Disposals	–	–	–	–	–	–	(502)	(502)
Write offs	–	–	–	–	(325)	(96)	(4,195)	(4,616)
At 28 February 2021 and 1 March 2021	35,731	44,648	2,825	14	3,682	5,113	43,611	135,624
Additions	–	–	–	–	15	4	98	117
Disposals	–	–	–	–	(17)	(12)	(638)	(667)
Write offs	–	–	–	–	(63)	(11)	(69)	(143)
Reclassification	–	–	–	(14)	–	–	26	12
Exchange difference	–	–	–	–	1	–	1	2
At 28 February 2022	35,731	44,648	2,825	–	3,618	5,094	43,029	134,945

11. Property, plant and equipment (cont'd)

Group	Buildings	Golf course	Bearer trees	Capital work-in-progress	Furniture and fittings	Electrical installation and air conditioner	Other assets	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation and impairment losses:								
At 1 March 2020	18,940	16,408	970	–	3,016	3,051	34,036	76,421
Depreciation charge for the year	523	766	113	–	261	240	3,576	5,479
Disposals	–	–	–	–	–	–	(394)	(394)
Write offs	–	–	–	–	(324)	(95)	(4,113)	(4,532)
Impairment losses	–	–	–	–	–	–	120	120
At 28 February 2021 and 1 March 2021	19,463	17,174	1,083	–	2,953	3,196	33,225	77,094
Depreciation charge for the year	520	766	113	–	220	219	2,258	4,096
Disposals	–	–	–	–	(17)	(12)	(638)	(667)
Write offs	–	–	–	–	(51)	(8)	(65)	(124)
Reclassification	–	–	–	–	–	–	12	12
Exchange difference	–	–	–	–	1	–	1	2
At 28 February 2022	19,983	17,940	1,196	–	3,106	3,395	34,793	80,413
Net carrying amount:								
At 28 February 2022	15,748	26,708	1,629	–	512	1,699	8,236	54,532
At 28 February 2021	16,268	27,474	1,742	14	729	1,917	10,386	58,530

11. Property, plant and equipment (cont'd)

Other assets comprise of office equipment, computer, renovations, and motor vehicles.

Company	**Office equipment and computer** RM'000
Cost:	
At 1 March 2020, 28 February 2021, 1 March 2021 and 28 February 2022	5
Accumulated depreciation:	
At 1 March 2020, 28 February 2021, 1 March 2021 and 28 February 2022	5
Net carrying amount:	
At 28 February 2022	–
At 28 February 2021	–

(a) Addition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment by the following means:

	Group	
	2022 RM'000	**2021** RM'000
Cash payment	117	215
Capitalisation of restoration costs	–	7
	117	222

The net carrying amount of motor vehicles held by the Group under finance leases at the end of the reporting period was RM142,000 (2021: RM256,000).

(b) Impairment review

During the current financial year, the management performed a review on the recoverable amount of the property, plant and equipment and right-of-use assets (Note 25).

The cash-generating units ("CGU") recoverable amounts of the property, plant and equipment and right-of-use assets (Note 25) have been determined based on value-in-use calculations using probability-weighted cash flow projections approved by management. The financial forecasts which were approved include management's different scenarios of possible recovery from COVID-19 pandemic scenarios of passenger traffics at outlets located at airports and land borders. The pre-tax discount rate applied to cash flow projections is 16.2% - 23.5% (2021: 15.8% - 50.0%).

For the financial year ended 28 February 2022, there was also no impairment loss on property, plant and equipment and right-of-use assets recognised by the management (2021: RM0.1 million and RM0.1 million (Note 25) respectively).

12. Biological assets

	Group	
	2022	**2021**
	RM'000	RM'000
At fair value:		
At 1 March	100	26
Gain arising from changes in fair values	55	74
At 28 February	155	100

Mature oil palm trees produce fresh fruit bunches ("FFB"), which are used to produce Crude Palm Oil ("CPO") and Palm Kernel ("PK"). The fair values of bearer fruits are determined by using the total sales figure in the following month with the assumptions that all the fruits harvested are sold subsequently to the customer.

During the year, the Group's bearer fruits produced approximately 2,100 tonnes (2021: 1,300 tonnes) of FFB. The selling prices per tonne for those FFB ranged between RM2,600 to RM6,400 (2021: RM1,300 to RM4,200). The selling prices per tonne for those FFB were based on a calculation using the periodic market prices of CPO and PK and contracted pre-determined extraction rates of CPO and PK as agreed with the buyer of FFB crop.

13. Goodwill

	Group	
	2022	**2021**
	RM'000	RM'000
Cost		
At 1 March and 28 February	28,816	28,816
Accumulated impairment losses		
At 1 March	22,998	11,524
Impairment loss	–	11,474
At 28 February	22,998	22,998
Net carrying amount at end of year	5,818	5,818

<u>Impairment testing of goodwill</u>

The carrying amount of goodwill relates to the following business segment:

	2022	**2021**
	RM'000	RM'000
Emas Kerajang Sdn. Bhd.	5,818	5,818

13. Goodwill (cont'd)

The recoverable amount of the CGUs was determined based on value in use calculations using probabilities-weighted cash flow projections from financial forecasts with key assumptions approved by management covering a five-year period. The financial forecasts which were approved include management's different scenarios of possible recovery of passengers traffic at outlets located at land borders from COVID-19 pandemic.

In the financial year ended 28 February 2022, no impairment loss (2021: impairment loss of RM11,474,000) has been recognised by management on goodwill arising from acquisition of these CGUs.

Key assumptions used in the discounted cash flow models were revenue growth rates, budgeted gross margins, ability to renew duty free licenses, discount rates, and long-term growth rate.

(i) The revenue projection for the first year was determined based on financial budget prepared. Revenue growth rates for FY2024 range between 3% to 18% and 3% to 5% for FY2025 to FY2027. (2021: Revenue growth rates for FY2023 range between 3% to 275% and 3% to 5% for FY2024 to FY2026)

(ii) The budgeted gross margins for the trading of duty free goods and non-dutiable merchandise segment were in the range of 10% to 25% (2021: 10% to 32%) which was based on average gross margin achieved in past years.

(iii) The duty free business requires a number of licences, which include duty free shop licence, wholesale dealer's licence, bonded warehouse licence and/or liquor import licence. It is assumed that the licences will be renewed upon their expiry on terms and conditions which are not less favourable.

(iv) The forecasted long-term growth rates were based on published industry research and did not exceed the long-term average growth rate for the industries relevant to the CGUs. The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period was 2.2% (2021: 2.2%).

(v) The pre-tax discount rate applied to the cash flow projections was 16.1% to 16.2% based on weighted average cost of capital of the Group (2021: 15.1% to 15.8%).

Sensitivity analysis

With regard to the assessment of value in use of all CGUs, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the units to materially exceed their recoverable amounts.

14. Investments in subsidiaries

	Company	
	2022	**2021**
	RM'000	RM'000
Equity shares, at cost	921,239	875,320
Allowance for impairment losses	(364,980)	(364,980)
Total	556,259	510,340
Movement in allowance accounts:		
At 1 March	(364,980)	(35,018)
Charge for the year	–	(329,962)
At 28 February	(364,980)	(364,980)

14. Investments in subsidiaries (cont'd)

Impairment testing of investments in subsidiaries

During the current financial year, the management performed a review on the recoverable amount of the investments in subsidiaries. The recoverable amounts of the investments in subsidiaries were estimated based on value-in-use calculations derived from cash flow projections. Key assumptions adopted in the value-in-use calculations include revenue projections, gross margins, discount rates and terminal growth rate. Based on the assessment, no impairment loss (2021: impairment loss of RM329,962,000) was recognised for the financial year 28 February 2022.

(a) Composition of the Group

The Group has the following significant investments in subsidiaries.

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest		Cost of investment	
			2022	2021	2022	2021
			%	%	RM'000	RM'000
Held by the Company						
DFZ Capital Sdn. Bhd. ^	Malaysia	Investment holding	100.00	85.00	678,039	632,120
Darul Metro Sdn. Bhd. ^	Malaysia	Dormant	100.00	100.00	230,645	230,645
Orchard Boulevard Sdn. Bhd. ^	Malaysia	Investment holding and resort development	100.00	100.00	*	*
Zon Duty Free Pte. Ltd. #	Singapore	Wholesaler and distributor of duty free and non-dutiable merchandise	100.00	100.00	*	*
Brand Connect Holding Pte. Ltd. #	Singapore	Investment holding	77.78	77.78	12,555	12,555
					921,239	875,320

** Cost of investment less than RM500.*

14. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest 2022 %	2021 %
Held by DFZ Capital Sdn. Bhd.				
DFZ Trading Sdn. Bhd. ^	Malaysia	Investment holding and management services	100.00	100.00
Selasih Ekslusif Sdn. Bhd. ^	Malaysia	Retailer of duty free and non-dutiable merchandise	100.00	100.00
Winner Prompt Sdn. Bhd. ^	Malaysia	Licensed distributor and wholesaler of duty free merchandise	100.00	100.00
Emas Kerajang Sdn. Bhd. ^**	Malaysia	Retailer of duty free and non-dutiable merchandise	69.90	69.90
Seruntun Maju Sdn. Bhd. ^**	Malaysia	Retailer of duty free and non-dutiable merchandise	69.80	69.80
Held by Darul Metro Sdn. Bhd.				
Binamold Sdn. Bhd. ^	Malaysia	Property investment	100.00	100.00
Held by Orchard Boulevard Sdn. Bhd.				
Gold Vale Development Sdn. Bhd. ^	Malaysia	Dormant	100.00	100.00
Kelana Megah Sdn. Bhd. ^	Malaysia	Dormant	100.00	100.00
Cergasjaya Properties Sdn. Bhd. ^	Malaysia	Resort development and properties management and cultivation of oil palm	100.00	100.00
Black Forest Golf And Country Club Sdn. Bhd. ^	Malaysia	Dormant	100.00	100.00
Tenggara Senandung Sdn. Bhd. ^	Malaysia	Dormant	100.00	100.00

14. **Investments in subsidiaries (cont'd)**

(a) **Composition of the Group (cont'd)**

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest 2022 %	2021 %
Held by Orchard Boulevard Sdn. Bhd. (cont'd)				
DFZ Asia Sdn. Bhd. ^	Malaysia	Investment holding	100.00	100.00
PT DFZ Indon	Indonesia	Dormant	99.00	99.00
Held by Brand Connect Holding Pte. Ltd.				
Drinks Hub Asia Pte. Ltd. #	Singapore	Wholesale of alcoholic beverages and soft drinks	100.00	100.00
Brand Connect Asia Pacific Pte. Ltd. #	Singapore	Retail sale of beverages	100.00	100.00
Thirsty Boys Pte. Ltd. *	Singapore	Wholesale of alcoholic, beverages and soft drinks	–	100.00
Held by DFZ Trading Sdn. Bhd.				
Cergasjaya Sdn. Bhd. ^	Malaysia	Wholesaler and retailer of duty free and non-dutiable merchandise	100.00	100.00
Melaka Duty Free Sdn. Bhd. ^	Malaysia	Retailer of duty free and non-dutiable merchandise	51.00	51.00
DFZ Duty Free Supplies Sdn. Bhd. ^	Malaysia	Wholesaler and distributor of duty free and non-dutiable merchandise	100.00	100.00
Jasa Duty Free Sdn. Bhd. ^	Malaysia	Retailer of duty free and non-dutiable merchandise	100.00	100.00

14. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest 2022 %	2021 %
Held by DFZ Trading Sdn. Bhd. (cont'd)				
DFZ Emporium Sdn. Bhd. ^**	Malaysia	Retailer of duty free and non-dutiable merchandise	29.30	29.30
DFZ (M) Sdn. Bhd. ^**	Malaysia	Retailer of duty free and non-dutiable merchandise	69.89	69.89
Wealthouse Sdn. Bhd. ^**	Malaysia	Retailer of duty free and non-dutiable merchandise	28.60	28.60
Jelita Duty Free Supplies Sdn. Bhd. ^	Malaysia	Wholesaler and distributor of duty free and non-dutiable merchandise	100.00	100.00
DFZ Duty Free (Langkawi) Sdn. Bhd. ^	Malaysia	Retailer of duty free and non-dutiable merchandise	100.00	100.00
Zon Emporium Sdn. Bhd. ^	Malaysia	Retailer of duty free and non-dutiable merchandise	100.00	100.00
DFZ Utara Sdn. Bhd. ^	Malaysia	Dormant	100.00	100.00
Held by DFZ Asia Sdn. Bhd.				
PT DFZ Indon	Indonesia	Dormant	1.00	1.00
Held by Brand Connect Asia Pacific Pte. Ltd.				
Brand Connect Pte. Ltd. #	Singapore	Retail sale of beverages	100.00	100.00

14. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

^ Audited by Ernst & Young, Chartered Accountants (Malaysia), a member firm of the Malaysian Institute of Accountants

Audited by other firms of Certified Public Accountants

* Struck off and ceased to be subsidiary during the financial year

** The terms of non-voting Convertible Redeemable Preference Shares had led to the total effective ownership interest held as shown below:

	Total effective ownership interest held	
	FY2022	FY2021
	%	%
Name of company		
Emas Kerajang Sdn. Bhd.	100.00	85.00
Seruntun Maju Sdn. Bhd.	100.00	85.00
DFZ Emporium Sdn. Bhd.	100.00	85.00
DFZ (M) Sdn. Bhd.	100.00	85.00
Wealthouse Sdn. Bhd.	100.00	85.00

The Group assessed that these investees were subsidiaries as control was retained by the Group through stipulations in the shareholder agreement, signed by the Group and the non-controlling interests.

Acquisition of additional interest in DFZ Capital Sdn. Bhd. ("DFZ")

On 7 December 2021, the Company acquired 15% equity interest in DFZ for a cash consideration of RM45,919,000.

	2022
	RM'000
Consideration paid to non-controlling shareholders	45,919
Carrying amount of interest acquired in DFZ	(9,994)
Difference recognised in other reserves	35,925

14. **Investments in subsidiaries (cont'd)**

(b) **Interest in subsidiaries with material non-controlling interest (NCI)**

The Group has the following subsidiaries that have NCI that were material to the Group:

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Loss allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends payable to NCI
		%	RM'000	RM'000	RM'000
28 February 2022:					
DFZ Capital Sdn. Bhd. and subsidiaries	Malaysia	–	–	–	–
28 February 2021:					
DFZ Capital Sdn. Bhd. and subsidiaries	Malaysia	15	(5,654)	(8,368)	–

(c) **Summarised financial information about subsidiary with material NCI**

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of financial position

	Group	
	2022	**2021**
	RM'000	RM'000
Current		
Assets	–	144,223
Liabilities	–	(31,023)
Net current assets	–	113,200

	Group	
	2022	**2021**
	RM'000	RM'000
Non-current		
Assets	–	144,613
Liabilities	–	(95,895)
Net non-current assets	–	48,718
Net assets	–	161,918

14. Investments in subsidiaries (cont'd)

(c) Summarised financial information about subsidiary with material NCI (cont'd)

Summarised income statement and statement of comprehensive income

	Group	
	2022	**2021**
	RM'000	RM'000
Revenue	–	186,493
Loss before income tax	–	(36,726)
Income tax expense	–	(970)
Loss after tax	–	(37,696)
Other comprehensive income	–	(547)
Total comprehensive income	–	(38,243)

Other summarised information

	Group	
	2022	**2021**
	RM'000	RM'000
Net cash flows from operations	–	16,749
Acquisition of significant property, plant and equipment	–	(215)

15. Intangible assets

Group	Distribution rights RM'000
Cost:	
At 1 March 2020	1,046
Disposal	(427)
At 28 February 2021,1 March 2021 and 28 February 2022	619
Accumulated amortisation:	
At 1 March 2020	280
Amortisation charge for the year	177
At 28 February 2021 and 1 March 2021	457
Amortisation charge for the year	162
At 28 February 2022	619
Net carrying amount:	
At 28 February 2022	–
At 28 February 2021	162

Distribution rights relate to the various distribution contracts for the Group's alcohol distribution business that were acquired in business combination. As explained in Note 2.8, the useful life of these rights is estimated to be 3 years. The amortisation of distribution rights is included in the profit or loss.

16. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Trade receivables:				
Third parties	1,780	2,958	–	–
Allowance for impairment	(746)	(843)	–	–
Trade receivables, net	1,034	2,115	–	–
Other receivables:				
Deposits	5,373	5,648	–	–
Due from Berjaya Waterfront Sdn. Bhd.	40,434	40,434	–	–
Sundry receivables	2,074	12,694	125	9
Allowance for impairment	(141)	(2,022)	–	–
Other receivables, net	47,740	56,754	125	9
Total trade and other receivables	48,774	58,869	125	9
Add: Cash and bank balances (Note 20)	153,401	195,015	83,970	122,028
Less: Goods and Services Tax receivable	(1,225)	(3,552)	–	–
Total financial assets at amortised cost	200,950	250,332	84,095	122,037

<u>Trade receivables</u>

Trade receivables are non-interest bearing and are generally on 14 to 90 days' terms. Other credit terms are assessed and approved on a case-by-case basis.

Trade receivables are recognised at their original invoice amounts, which represent their fair values on initial recognition.

<u>Related party balances</u>

Included under sundry receivables for the Company are amounts due from subsidiaries of RM99,000 (2021: RM Nil) which are advances, which are unsecured, non-interest bearing and are repayable on demand.

16. Trade and other receivables (cont'd)

Due from Berjaya Waterfront Sdn. Bhd. ("BWSB")

The amount due from BWSB is related to the uncollected portion of the sale consideration for the Group's interests over leasehold properties in the Zon Johor Bahru, which was completed in March 2013.

This balance, guaranteed by BWSB's holding company, had been subject to interest throughout the term that the balance was outstanding. The interest rate was initially at 6% per annum but has been revised to 9% per annum since 16 July 2015 until 15 April 2022. The interest rate was revised to 7% per annum from 16 April 2022 onwards.

The balance of RM40.0 million was scheduled to be repaid on or before 15 April 2022. On 15 April 2022, both parties have mutually agreed that BWSB shall pay the remaining deferred consideration of RM40.0 million on or before 15 April 2023 and BWSB will continue to pay interest at the rate of 7% per annum on the unpaid consideration on a quarterly basis.

The amount is guaranteed by BWSB's holding company.

Trade receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2022	**2021**
	RM'000	RM'000
Trade receivables – nominal amounts	746	843
Less: Allowance for impairment	(746)	(843)
	–	–
Movement in allowance accounts:		
At 1 March	843	315
Charge for the year	53	564
Reversal for the year	(163)	–
Exchange difference	13	(36)
At 28 February	746	843

16. Trade and other receivables (cont'd)

Other receivables that are impaired

The Group's other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired			
	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Other receivables – nominal amounts	141	2,022	–	–
Less: Allowance for impairment	(141)	(2,022)	–	–
	–	–	–	–
Movement in allowance accounts:				
At 1 March	2,022	1,864	–	–
Charge for the year	48	158	–	–
Write-off during the year	(1,883)	–	–	–
Reversal for the year	(46)	–	–	–
At 28 February	141	2,022	–	–

Receivables that are impaired

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in legal dispute or financial difficulties, and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. The Group has provided for lifetime expected credit losses for all trade receivables using a provision matrix. Please refer to Note 32(a).

17. Prepayments

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current:				
Prepaid other operating expenses	1,775	2,699	–	–
Non-current:				
Prepaid development return*	3,500	3,000	–	–
Total prepayments	5,275	5,699	–	–
Amount to be charged out to income statement:				
- Not later than one year	1,775	2,699	–	–
- Later than one year but not later than five years	3,500	3,000	–	–
	5,275	5,699	–	–

* *Related to development return paid to the State Government of Johore and City Council of Johore, as a condition precedent to be fulfilled under the agreement for proposed sale of Kelana Megah Sdn. Bhd.'s intended lease interests in the land parcel as mentioned in Note 22 and Note 36.*

18. Deferred tax assets/(liabilities)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 March	(971)	(1,327)	(1,655)	(1,613)
Recognised in income statement	2,337	356	–	(42)
At 28 February	1,366	(971)	(1,655)	(1,655)
Presented after appropriate offsetting as follows:				
Deferred tax assets	7,403	5,295	–	–
Deferred tax liabilities	(6,037)	(6,266)	(1,655)	(1,655)
Net deferred tax asset/(liabilities)	1,366	(971)	(1,655)	(1,655)

18. Deferred tax assets/(liabilities) (cont'd)

The components and movements of deferred tax liabilities and assets during the year is analysed as follows:

	Deferred tax liabilities	Deferred tax assets		
	Property, plant and equipment	Unused tax losses and unabsorbed capital allowances	Others	Total
	RM'000	RM'000	RM'000	RM'000
At 1 March 2020	5,030	(192)	(3,511)	1,327
Recognised in income statement	16	(2,082)	1,710	(356)
At 28 February 2021 and 1 March 2021	5,046	(2,274)	(1,801)	971
Recognised in income statement	497	(2,204)	(630)	(2,337)
At 28 February 2022	5,543	(4,478)	(2,431)	(1,366)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2022	2021
	RM'000	RM'000
Unutilised tax losses	253,168	246,006
Unabsorbed capital allowances	48,455	48,286
Other deductible temporary differences	112,139	118,353
Lease liabilities	277	319
	414,039	412,964

The unused tax losses, unabsorbed capital allowances and other deductible temporary differences mainly relate to a discontinued business segment and are not available to offset against the profits in the Group's duty free business for which no deferred tax assets have been recognised. It is available for offsetting against future taxable profits of the respective company subject to no substantial change in shareholdings under the Malaysian Income Tax Act, 1967 and guidelines issued by the tax authority.

19. Inventories

	Group	
	2022	2021
	RM'000	RM'000
Statement of financial position:		
Trading goods	53,258	72,368
Consumables	309	323
Total inventories at lower of cost and net realisable value	53,567	72,691

19. Inventories (cont'd)

	Group 2022 RM'000	Group 2021 RM'000
Consolidated income statement:		
Inventories recognised as an expense in cost of sales	79,228	191,147
Inventories recognised as an expense in other operating expenses		
Inclusive of the following charge:		
- Inventories written down	–	2,605
- Inventories write off	77	334
- Reversal of inventories written down	(5,670)	–

20. Cash and bank balances

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash at banks and on hand	75,591	61,498	16,100	2,297
Deposits with licensed banks	77,810	133,517	67,870	119,731
	153,401	195,015	83,970	122,028

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Deposits with licensed banks of the Group amounting to RM9,940,000 (2021: RM9,786,000) are pledged to banks for credit facilities granted to certain subsidiaries as disclosed in Note 21. Deposits with licensed banks are readily convertible to cash and are subject to insignificant risk of changes in value, and earn interest at the respective deposit rates. The weighted average effective interest rate as at 28 February 2022 for the Group and the Company were 1.59% (2021: 1.13%) and 0.18% (2021: 0.23%) per annum respectively.

20. Cash and bank balances (cont'd)

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Cash and deposits with licensed banks	153,401	195,015	83,970	122,028
Deposits pledged with licensed banks	(9,940)	(9,786)	–	–
Cash and cash equivalents	143,461	185,229	83,970	122,028

Cash and short term deposits denominated in foreign currencies at the end of reporting period are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Singapore Dollar (SGD)	63,379	65,698	63,335	65,633
United States Dollar (USD)	8,013	60,890	4,706	54,394
	71,392	126,588	68,041	120,027

21. Borrowings

		Group	
		2022	**2021**
	Maturity	RM'000	RM'000
Current			
Secured:			
Short term loans	FY2023	–	6,249
Obligations under finance leases (Note 27)	FY2023	79	97
		79	6,346
Non-current			
Secured:			
Obligations under finance leases (Note 27)	FY2024	49	128
Total loan and borrowings		128	6,474

<u>Obligations under finance leases</u>

These obligations are secured by a charge over the leased assets (Note 25). The average discount rate implicit in the leases of the Group is 2.99% p.a. (2021: 2.89% p.a.).

21. Borrowings (cont'd)

Other information on financial risks of borrowings is disclosed in Note 32.

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes			
	2022 RM'000	Cash flows RM'000	Acquisition/ additions RM'000	Interest expense RM'000	Others RM'000	2022 RM'000
Other short term borrowings	6,249	(6,249)	–	–	–	–
Obligations under finance leases	225	(97)	–	–	–	128
Lease liabilities	87,906	(700)	1,086	6,112	(113)	94,291
Total	94,380	(7,046)	1,086	6,112	(113)	94,419

			Non-cash changes			
	2021 RM'000	Cash flows RM'000	Acquisition/ additions RM'000	Interest expense RM'000	Others RM'000	2021 RM'000
Other short term borrowings	34,342	(28,093)	–	–	–	6,249
Obligations under finance leases	649	(424)	–	–	–	225
Lease liabilities	85,708	(1,431)	377	5,789	(2,537)	87,906
Total	120,699	(29,948)	377	5,789	(2,537)	94,380

22. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	3,398	22,133	–	–
Other payables				
Accruals	3,110	6,180	563	910
Accrued payroll related expenses	129	133	–	–
Contribution costs payable	–	209	–	–
Rental payables	1,320	1,493	–	–
Deposit received for the proposed disposal #	560	560	–	–
Other deposits received	448	546	–	–
Royalty payables	100	28	–	–
Sundry payables	813	1,758	7	409
Put option liability ^	5,592	5,404	–	–
	12,072	16,311	570	1,319
Total trade and other payables	15,470	38,444	570	1,319
Add: Borrowings (Note 21)	128	6,474	–	–
Less: Goods and Services Tax payable	(41)	(45)	–	–
Total financial liabilities carried at amortised cost	15,557	44,873	570	1,319

This deposit relates to the proposed sale of Kelana Megah Sdn. Bhd.'s intended lease interests in the land parcel bearing lot number PTB 20379 to Berjaya Waterfront Sdn. Bhd. for a consideration of RM27,990,000 ("KMSB Agreement"). However, the Agreement was rescinded and revoked on 8 April 2022 as mentioned in Note 36.

^ The put option liability reflects the carrying value of the put options issued to 22.22% (2021: 22.22%) of non-controlling interest in a subsidiary Brand Connect Holding Pte. Ltd. ("BCH"). The carrying value of the liability has been calculated based on expected financial performance of BCH and expected exercise date.

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2021: 30 to 90 days).

Trade payables denominated in foreign currencies are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Singapore Dollar (SGD)	–	9
United States Dollar (USD)	1,368	20,965
	1,368	20,974

22. Trade and other payables (cont'd)

(b) Amounts due to subsidiaries

Included under sundry payables for the Company are amounts due to subsidiaries of RM Nil (2021: RM20,000) which mainly pertain to advances which are non-interest bearing, unsecured and are repayable on demand.

Further details on related party transactions are disclosed in Note 30.

Other information on financial risks of trade and other payables are disclosed in Note 32.

23. Provision for restoration costs

	Group	
	2022	**2021**
	RM'000	RM'000
At 1 March	907	940
Written off during the year	(125)	(33)
At 28 February	782	907
Analysis of present value of restoration costs:		
Not later than 1 year	110	235
Later than 1 year and not later than 2 years	672	672
	782	907
Less: Amount due within 12 months	(110)	(235)
Amount due after 12 months	672	672

Provision represents the estimated costs of asset dismantlement, removal or restoration of premises arising from the use of such premises, which are capitalised and included in right-of-use assets and property, plant and equipment.

24. Derivatives

	2022 Notional amount RM'000	2022 Assets/ (liabilities) RM'000	2021 Notional amount RM'000	2021 Assets/ (liabilities) RM'000
Group				
Call options	103	103	103	103
Put options	(325)	(325)	(325)	(325)
		(222)		(222)

	2022 Liabilities RM'000	2021 Liabilities RM'000
Group		
Non-current	(222)	(222)

	2022 Notional amount RM'000	2022 Assets/ (liabilities) RM'000	2021 Notional amount RM'000	2021 Assets/ (liabilities) RM'000
Company				
Call options	103	103	103	103
Put options	(618)	(618)	(618)	(618)
		(515)		(515)

	2022 Liabilities RM'000	2021 Liabilities RM'000
Company		
Non-current	(515)	(515)

The call and put options relate to the acquisition of BCH in financial year ended 28 February 2019.

25. Right-of-use assets and lease liabilities

Group as a lessor

The Group has entered into operating leases on its buildings and advertisement space. These leases have terms of less than 1 year to 2 years. Rental income recognised by the Group during the year is RM762,000 (2021: RM1,722,000).

Future minimum rentals receivable under non-cancellable operating lease are as follows:

	Building RM'000
At 28 February 2022	
Within one year	88
After one year but not more than five years	128
At 28 February 2021	
Within one year	61

Group as a lessee

The Group has lease contracts for leasehold land, land use rights and buildings (office premises, retail outlets, warehouse, staff quarters) used for its operations. Leased premises generally have lease terms of 1 to 18 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning or subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Group	**Leasehold land** RM'000	**Land use rights** RM'000	**Buildings** RM'000	**Total** RM'000
As at 1 March 2021	238	22,155	97,033	119,426
Additions	–	–	1,086	1,086
Depreciation expense	(4)	(466)	(7,259)	(7,729)
Lease terminations	–	–	(7)	(7)
As at 28 February 2022	234	21,689	90,853	112,776
As at 1 March 2020	242	22,419	105,969	128,630
Additions	–	–	377	377
Depreciation expense	(4)	(264)	(7,873)	(8,141)
Impairment losses	–	–	(84)	(84)
Lease terminations	–	–	(1,358)	(1,358)
Exchange difference	–	–	2	2
As at 28 February 2021	238	22,155	97,033	119,426

Please refer to Note 11(b) to the financial statements for details on the impairment assessment of the right-of-use assets.

25. Right-of-use assets and lease liabilities (cont'd)

Group as a lessee (cont'd)

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

Group	2022 RM'000	2021 RM'000
As at 1 March	87,906	85,708
Additions	1,086	377
Accretion of interest	6,112	5,789
Lease concessions	(106)	(206)
Lease terminations	(7)	(2,097)
Payments for lease terminations	–	(219)
Payments	(700)	(1,431)
Exchange difference	–	(15)
As at 28 February	94,291	87,906
Current	504	520
Non-current	93,787	87,386

The maturity analysis of lease liabilities are disclosed in Note 32(b).

The following are the amount recognised in profit or loss:

Group	2022 RM'000	2021 RM'000
Depreciation expense of right-of-use assets	7,729	8,141
Interest expense on lease liabilities	6,112	5,789
Expenses relating to short-term leases (included in rental of premises)	566	9,103
Lease concessions	(106)	(206)
Lease concessions related to prior year	(112)	–
Gain on lease termination	–	(739)
Variable lease payments (included in rental of premises)	–	61
Total amount recognised in profit or loss	14,189	22,149

The Group had total cash outflows for leases of RM1,503,000 in 2022 (2021: RM10,814,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of RM1,086,000 in 2022 (2021: RM377,000).

The future cash outflows which are not capitalised in lease liabilities:

Variable lease payments

The Group has lease contracts for retail stores that contain variable lease payments based on a percentage of sales generated by the stores, on top of fixed payments. However, no variable lease payments are incurred and recognised in profit or loss (2021: RM61,000) for the financial year ended 28 February 2022.

26. Share capital

Company	Number of ordinary shares 2022	2021	Amount 2022	2021
	'000	'000	RM'000	RM'000
At 1 March	1,198,199	1,198,199	978,724	1,107,574
Capital reduction	–	–	–	(128,850)
At 28 February	1,198,199	1,198,199	978,724	978,724

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

Capital reduction

On 5 March 2020, the Shareholders had approved the capital reduction and cash distribution of S$0.035 for each ordinary share at the Extraordinary General Meeting. The capital reduction took effect on 23 April 2020 and upon completion of the Capital Reduction on 23 April 2020, the issued and paid-up share capital of the Company was approximately S$368,279,230. The cash distribution of S$0.035 per Share, amounting to RM128,850,000 had been paid out to the Shareholders on 13 May 2020.

(a) Other reserves

		2022	2021
		RM'000	RM'000
Group			
Foreign currency translation reserve	(i)	606	(139)
Premium paid on acquisition of non-controlling interests	(ii)	(178,818)	(142,893)
Gain on reissuance of treasury shares	(iii)	661	661
Capital reserve	(iv)	(3,365)	(2,833)
		(180,916)	(145,204)
Company			
Other reserves		661	661

(i) The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(ii) Pursuant to the MGO ("Compulsory Acquisition") exercise undertaken by the Company, the difference between the carrying amount of non-controlling interests at the point of acquisition and the consideration paid was reflected as premium paid. The Compulsory Acquisition was completed on 1 April 2011.

This reserve also includes the excess of the consideration received over the carrying value of the equity interest acquired from non-controlling interests.

During the year, the Company acquired 15% equity interest in DFZ and the difference between the consideration paid to non-controlling shareholders and carrying amount of interest acquired in DFZ amounted to RM35,925,000 (Note 14) which was recognised in other reserves.

26. Share capital (cont'd)

(a) Other reserves (cont'd)

(iii) This represents the gain arising from the sale of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

(iv) This represents the difference between derecognition of the non-controlling interest and the recognition of financial liability for the put options associated with acquisition of BCH.

(b) Share premium

Share premium represents the excess of consideration received from the issue of shares over the nominal (par) value, which is based on the Companies Act 1965 (Malaysia). This is presented in the consolidated financial statements consistent with reverse acquisition accounting principles, which reflect the equity balances of DFZ Capital Sdn. Bhd. and Darul Metro Sdn. Bhd.. On 31 January 2017, the Companies Act 2016 (Malaysia's CA2016) came into force. As a result, the share premium was reclassified under share capital balances.

(c) Treasury shares

Treasury shares relate to ordinary shares of the Company that is held by the Company.

27. Obligations under finance leases

	Group	
	2022	**2021**
	RM'000	RM'000
Future minimum lease payments:		
Not later than 1 year	84	107
Later than 1 year and not later than 2 years	50	84
Later than 2 year and not later than 5 years	–	50
Total future minimum lease payments	134	241
Less: Future finance charges	(6)	(16)
Present value of finance lease liabilities	128	225
Analysis of present value of finance lease liabilities:		
Not later than 1 year	79	97
Later than 1 year and not later than 2 years	49	79
Later than 2 year and not later than 5 years	–	49
	128	225
Less: Amount due within 12 months	(79)	(97)
Amount due after 12 months	49	128

The Group has hire purchase contracts on property, plant and equipment. There were no restrictions placed upon the Group by entering into these leases.

28. Commitments

(a) Capital commitments

Capital expenditure approved as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2022	**2021**
Capital expenditure	RM'000	RM'000
Approved and contracted for:		
Property, plant and equipment	10,000	10,574

Included in capital expenditure is RM10,000,000 (2021:RM10,500,000) in relation to development return payable to the State Government of Johore and City Council of Johore, as a condition precedent to be fulfilled under the agreement for proposed sale of Kelana Megah Sdn. Bhd.'s intended lease interests in the land parcel as mentioned in Note 22.

29. Contingent liabilities

	Company	
	2022	**2021**
	RM'000	RM'000
Corporate guarantees for borrowings and banking facilities to certain subsidiaries	44,050	18,299

Bills of Demand in respect of import duties, excise duties, sales tax and GST

On 30 November 2017, the Company announced that the Company's subsidiary, Seruntun Maju Sdn. Bhd. ("SMSB") had received the bills of demand from the Royal Malaysian Customs ("Customs"), demanding payments of customs duties, excise duties, sales tax and Goods and Services Tax ("GST") all totalling RM41,594,986.86. The said bills of demand were raised by the Customs who alleged that SMSB did not comply with certain conditions of a duty free shop located at the border.

On 29 June 2018, the High Court ruled against SMSB. On 2 July 2018, SMSB filed an appeal to the Court of Appeal against the High Court's decision of not granting an application for judicial review. Simultaneously, SMSB also filed a formal application to stay the effect and enforcement of the bills of demand raised on SMSB for import and excise duties.

On 6 March 2019, the Court of Appeal heard the appeal whereby both SMSB and the Customs submitted their respective legal arguments.

On 18 June 2020, the Court of Appeal unanimously ruled in favour of SMSB's appeal against the decision of the High Court and quashed the bills of demand issued by the Customs for customs duties and excise duties amounting to RM15,400,962.14 and RM23,560,972.94 respectively.

On 17 July 2020, the Customs applied to the Federal Court for leave to appeal against the Court of Appeal's decision. The Federal Court heard and dismissed the Customs' application on 11 January 2021 with costs.

29. Contingent liabilities (cont'd)

Bills of Demand in respect of import duties, excise duties, sales tax and GST (cont'd)

Accordingly, the disputed bills of demand were set aside and SMSB has no obligation to pay the Customs the sum of RM41,594,986.86 as demanded by the Customs. In light of the Federal Court's ruling in favour of SMSB, an application was made to the Customs for the refund of the sales tax and GST paid amounting to RM2,326,451.78, which was previously paid by SMSB to the Customs. The amount was fully refunded by the Customs on 16 June 2021.

On 25 February 2021, the Customs initiated criminal proceedings pursuant to Section 65D and Section 138 of the Customs Act 1967 ("Customs Act") towards SMSB and its officers before the Magistrate Court. The Company has engaged solicitors to represent SMSB and its officers.

The criminal charges were made on the basis that SMSB and its officers had breached the conditions of the duty free license issued by Customs to SMSB under Section 65D of the Customs Act.

However, as previously announced, the legality of the conditions that were allegedly breached was challenged by SMSB through a judicial review application (civil proceeding) on 23 November 2017. On 18 June 2020, the conditions were unanimously held by the Court of Appeal to be ultra-vires of Section 65D of the Customs Act and that they ought to be quashed. On 11 January 2021, the Federal Court had dismissed Customs' appeal against the Court of Appeal's decision with costs. Customs had exhausted its rights to appeal and the conditions were conclusively quashed. Thus, SMSB and its officers had pleaded not guilty and had claimed trial against these charges brought by Customs.

On 12 March 2021, a representation letter was sent to the Attorney General ("AG"), requesting the AG to discontinue criminal proceedings against SMSB and its officers.

On 6 April 2021, the representation letter dated 12 March 2021 was rejected by the AG. The Deputy Public Prosecutor ("DPP") then proposed to amend the charges against SMSB and its officers, jointly.

On 8 April 2021, the DPP withdrew the proposed amended charges as the proposed amended charges were defective since the proposed amended charges could not be read to all SMSB's officers. One of SMSB's officers was not present in Court to hear the proposed amended charges against him.

On 27 July 2021, a representation letter was again sent to the AG, requesting the AG to discontinue criminal proceedings against SMSB and its officers.

On 28 October 2021, during the hearing of the case management, the Learned Magistrate issued an order discharging the Company and its directors without acquitting them. The order discharging the proceedings was made on the grounds that there were significant administrative defects in the charges and the filing of proposed amended charges by the Customs.

30. Related party disclosures

An entity or individual is considered a related party of the Group for the purpose of the financial statements if: i) it possesses the ability, directly or indirectly, to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control.

(a) Significant transactions

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties, who were not members of the Group, took place at terms agreed between the parties during the financial year:

	Group	
	2022	**2021**
	RM'000	RM'000
Related companies:		
- Management fee	1,200	1,200
Related party:		
- Donation to Yayasan Harmoni *	250	750
- Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP")**	26,340	95,165
- Management fee paid to HAP**	305	1,147
- Ad-space rental received from HAP**	589	814
- Reimbursement of costs from HAP**	4,300	3,087

(i) Management fees were made according to negotiated prices between the parties.

(ii) Ad-space rental income was made in accordance with prices negotiated between the parties.

* *The Non-Executive Chairman of the Company is the founder and executive chairman of Yayasan Harmoni.*

** *The transactions disclosed above took place prior to 7 December 2021 which were in pursuant to the ancillary agreement entered with HAP which had since been terminated upon the acquisition of interest mentioned in Note 14.*

Information regarding outstanding balances arising from related party transactions as at 28 February 2022 and 28 February 2021 are disclosed in Note 16 and Note 22.

30. Related party disclosures (cont'd)

(b) Compensation of key management personnel

The remuneration of certain directors and other members of key management during the year are as follows:

	Group	
	2022	**2021**
	RM'000	RM'000
Short-term employee benefits	1,673	2,015
Defined contribution plan	90	73
	1,763	2,088
Comprise amounts paid to:		
Directors of the Company	672	560
Other key management personnel	1,091	1,528
	1,763	2,088

31. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

31. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair values

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	Quoted prices in active markets for identical instruments (Level 1) RM'000	Significant observable inputs other than quoted prices (Level 2) RM'000	Significant un-observable inputs (Level 3) RM'000	Total RM'000
At 28 February 2022				
Non-financial assets:				
- Biological assets (Note 12)	–	–	155	155
Financial liabilities:				
Derivatives (Note 24)				
- Call and put options	–	–	(222)	(222)
	–	–	(222)	(222)
At 28 February 2021				
Non-financial assets:				
- Biological assets (Note 12)	–	–	100	100
Financial liabilities:				
Derivatives (Note 24)				
- Call and put options	–	–	(222)	(222)
	–	–	(222)	(222)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Forward currency contracts (Note 24): Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

31. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements

The following is a description of the fair value measurements using significant unobservable inputs (Level 3):

Biological assets (Note 12): The fair values of bearer fruits are determined by using the total sales figure in the following month with the assumptions of all the fruits harvested are sold subsequently to the customer.

Call and put options (Note 24): The fair values of call and put options are determined by using Black-Scholes tree model, which includes some assumptions that are supported by observable market data. The key inputs used in determining the fair value are as follows:

Description	Valuation techniques	Unobservable inputs	Range (weighted average)
28 February 2022			
Call and put options	Black-Scholes	Exercise price	USD 2,252,000
		Time to expiry	7.6 years
		Volatility	29.58%
		Risk free rate	1.41%
		Dividend yield	0%
28 February 2021			
Call and put options	Black-Scholes	Exercise price	USD 2,252,000
		Time to expiry	8.6 years
		Volatility	29.58%
		Risk free rate	1.41%
		Dividend yield	0%

Sensitivity analysis for call and put option

A significant increase in the expected dividend yield would result in a significantly higher fair value measurement. A significant increase (decrease) in risk free rate would result in a significantly lower (higher) fair value measurement.

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement.

If the underlying share value had been increased by 10% (2021: 10%) with all other variables held constant, the fair value of call and put options will increase by approximately RM17,000 (2021: RM17,000) as at the end of the reporting period.

31. Fair value of assets and liabilities (cont'd)

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

		2022		2021	
	Note	**Carrying amount** RM'000	**Fair value** RM'000	**Carrying amount** RM'000	**Fair value** RM'000
Financial liabilities:					
Obligations under finance leases	27	128	130	225	229

32. Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all borrowers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 60 days when they fall due, which are derived based on the Group's historical information.

32. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

– Internal credit rating
– External credit rating
– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
– Actual or expected significant changes in the operating results of the customer
– Significant increases in credit risk on other financial instruments of the same customer
– Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
– Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of borrowers in the group and changes in the operating results of the customer.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the borrower
– A breach of contract, such as a default or past due event
– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
– There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

A summary of the Group's basis for recognition of the Group's expected credit loss ("ECL") for trade receivables, debt securities and other receivables is as follows:

Assets classifications	Basis for recognition of expected credit loss provision
Trade receivables	Lifetime ECL (simplified approach)
Debt securities	12-month ECL
Other receivables	12-month ECL
Due from Berjaya Waterfront Sdn. Bhd.	Lifetime ECL

The gross carrying amount of trade and other receivables are disclosed in Note 16.

<u>Trade receivables</u>

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision as at 28 February 2022 and 28 February 2021 incorporates forward looking information such as forecast of economic conditions.

32. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix.

28 February 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Gross carrying amount	694	43	111	932	1,780
Loss allowance provision	–	–	–	(746)	(746)

28 February 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Gross carrying amount	966	174	467	1,351	2,958
Loss allowance provision	–	–	–	(843)	(843)

Debt securities and other receivables

The company's debt securities at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for the debt securities when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

As for other receivables including amount due from Berjaya Waterfront Sdn. Bhd., the Group assessed the latest performance and financial position of the 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.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

– A nominal amount of RM115,179,000 (2021: RM171,150,000) relating to a corporate guarantee provided by the Group to the bank on subsidiaries' loans

– A nominal amount of RM44,050,000 (2021: RM18,299,000) relating to a corporate guarantee provided by the Company to a bank on a subsidiary's bank loan.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 16.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets, except for the amount due from Berjaya Waterfront Sdn. Bhd. as described in Note 16.

32. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

As at 28 February 2022, the Group's holding of cash and short-term deposits amounting to RM143,461,000 (2021: RM185,229,000) are expected to be sufficient for working capital purposes as well as meet its on-going financial commitments in the next financial year.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted obligations.

	2022				2021			
	One year or less	**One to five years**	**Over five years**	**Total**	**One year or less**	**One to five years**	**Over five years**	**Total**
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets								
Trade and other receivables	47,549	–	–	47,549	55,317	–	–	55,317
Cash and bank balances	153,401	–	–	153,401	195,015	–	–	195,015
Total undiscounted financial assets	200,950	–	–	200,950	250,332	–	–	250,332
Financial liabilities								
Trade and other payables	15,429	–	–	15,429	38,399	–	–	38,399
Borrowings	84	50	–	134	6,725	134	–	6,859
Lease liabilities	412	51,444	110,000	161,856	539	40,109	121,000	161,648
Total undiscounted financial liabilities	15,925	51,494	110,000	177,419	45,663	40,243	121,000	206,906
Total net undiscounted financial assets/ (liabilities)	185,025	(51,494)	(110,000)	23,531	204,669	(40,243)	(121,000)	43,426

32. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	2022			2021		
	One year or less	**One to five years**	**Total**	**One year or less**	**One to five years**	**Total**
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets						
Trade and other receivables	125	–	125	9	–	9
Cash and bank balances	83,970	–	83,970	122,028	–	122,028
Total undiscounted financial assets	84,095	–	84,095	122,037	–	122,037
Financial liabilities						
Trade and other payables	570	–	570	1,319	–	1,319
Total undiscounted financial liabilities	570	–	570	1,319	–	1,319
Total net undiscounted financial assets	83,525	–	83,525	120,718	–	120,718

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2022			2021		
	One year or less	**One to five years**	**Total**	**One year or less**	**One to five years**	**Total**
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Corporate guarantees	44,050	–	44,050	18,299	–	18,299

(c) Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing borrowings. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 10 (2021: 10) basis points lower with all other variables held constant, the Group's and the Company's loss before tax would have been RM59,000 (2021: RM97,000) and RM52,000 (2021: RM91,000) lower/higher respectively, arising mainly as a result of lower interest expense on fixed and floating rate loans and borrowings, lower interest income from fixed deposit. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment. Interest rates of 10 basis point higher would have had equal but opposite effect on the above amounts, on the basis that all other variables remain constant.

32. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the operations to which they relate, primarily United States Dollars ("USD"), Singapore Dollar ("SGD") and Australian Dollar ("AUD"). The foreign currencies in which these transactions are denominated are mainly USD and SGD. Approximately 77% (2021: 93%) of the Group's purchases are denominated in foreign currencies. Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group also holds cash and cash balances denominated in USD and SGD for working capital purposes as at the end of the reporting period.

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the USD, SGD and AUD exchange rates against the functional currency of the Group entities, with all other variables held constant.

		2022 Loss before taxation (Increase)/ decrease RM'000	**2021 Loss before taxation** (Increase)/ decrease RM'000
USD/RM	- strengthened 3%	114	1,131
	- weakened 3%	(114)	(1,131)
SGD/RM	- strengthened 3%	1,900	1,957
	- weakened 3%	(1,900)	(1,957)
SGD/USD	- strengthened 3%	19	35
	- weakened 3%	(19)	(35)
AUD/USD	- strengthened 3%	(199)	(192)
	- weakened 3%	199	192
RM/USD	- strengthened 3%	329	272
	- weakened 3%	(329)	(272)

33. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year/period under review.

The Group monitors capital using a gearing ratio, which is total external debt divided by total capital.

The Group's ensure that the gearing ratio shall not be more than 2.00 times to comply with covenants from its borrowings.

The Group includes within total external debt, all financial borrowings of the Group. Total external debt due and payable within 12 months consists of bankers' acceptances, short term loan, interest payable and current portion of finance lease liabilities. Capital includes equity attributable to the owners of the parent.

	Group	
	2022	**2021**
	RM'000	RM'000
Borrowings (non-current) (Note 21)	49	128
Borrowings (current excluding term loan, i.e. due and payable within 12 months)	79	6,346
Total external debt	128	6,474
Total equity attributable to the owners of the Company	330,577	369,926
Gearing ratio (times)	0.00*	0.02

* Ratio less than 0.01

34. Segment information

(a) Operating segments

For management purposes, the operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's risks and rates of return are affected predominantly by differences in the products and services produced. The Group has the following reportable operating segments:

(i) Trading of duty free goods and non-dutiable merchandise

This segment includes revenues from sale of goods.

(ii) Investment holding and others

This segment includes revenues from the following:

– management fee income; and

– sale of fresh oil palm fruit bunches.

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented. The Group has no major customers.

(b) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The directors are of the opinion that transfer prices between operating segments are based on negotiated prices. Segment revenue, expenses and results include transfers between operating segments. These transfers are eliminated on consolidation.

34. Segment information (cont'd)

Operating segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment:

	Trading of duty free & duty paid goods and non-dutiable merchandise		Investment holdings and others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	12 months ended 28 February		12 months ended 28 February		12 months ended 28 February			12 months ended 28 February	
	2022	2021	2022	2021	2022	2021		2022	2021
Full year:	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue:									
Sales to external customers	97,299	222,699	1,826	700	–	–		99,125	223,399
Inter-segment sales	–	–	657	–	(657)	–	A	–	–
Total revenue	97,299	222,699	2,483	700	(657)	–		99,125	223,399
Results:									
Interest income	730	656	3,856	4,714	–	–		4,586	5,370
Miscellaneous Income	10,789	6,521	882	810	(188)	(427)		11,483	6,904
Depreciation and amortisation	(10,568)	(12,374)	(1,419)	(1,423)	–	–		(11,987)	(13,797)
Finance costs	(7,100)	(6,470)	–	–	901	288		(6,199)	(6,183)
Other non-cash income/(expenses)	4,501	(14,050)	3,654	208	–	–	B	8,155	(13,842)
Segment loss	(5,556)	(32,174)	4,776	(1,007)	(6,199)	(6,183)	C	(6,979)	(39,364)
Assets									
Additions to non-current assets	117	222	–	–	–	–	D	117	222
Segment assets	254,082	294,960	180,216	221,350	13,856	9,584	E	448,154	525,894
Segment liabilities	103,064	124,744	7,829	9,419	6,491	9,866	F	117,384	144,029

34. Segment information (cont'd)

Operating segments (cont'd)

Notes	**Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements**
A	Inter-segment revenues are eliminated on consolidation.
B	Other material non-cash income/expenses consist of reversal of/impairment loss on receivables, property, plant and equipment written off, reversal of/provision of inventories written down, inventories written off and net unrealised foreign exchange gain/loss as presented in the respective notes to the financial statements.
C	The following item is deducted from segment result to arrive at loss before tax presented in the income statement:

	2022 RM'000	**2021** RM'000
Finance costs	6,199	6,183

D Additions to non-current assets consist of:

	2022 RM'000	**2021** RM'000
Property, plant and equipment	117	222

E The following items were added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2022 RM'000	**2021** RM'000
Deferred tax assets	7,403	5,295
Tax recoverable	6,453	4,289
	13,856	9,584

F The following items were added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2022 RM'000	**2021** RM'000
Deferred tax liabilities	6,037	6,266
Income tax payable	454	3,600
	6,491	9,866

35. Dividends

No dividend has been declared for the financial years ended 28 February 2022 and 28 February 2021.

36. Events after the reporting period

(a) On 8 April 2022, the Company announced that Kelana Megah Sdn. Bhd. has entered into a Deed of Revocation and Rescission with Berjaya Waterfront Sdn. Bhd. to rescind and revoke the KMSB Agreement which was in relation to the sale of Kelana Megah Sdn. Bhd.'s lease interests in the land parcel bearing lot number PTB 20379.

The revocation and the rescission of the KMSB Agreement was completed on the same day.

(b) On 12 April 2022, the Company announced and also sent a Notice to the Warrant Holders of the Company that in accordance with the terms and conditions of the Warrants set out in the Deed Poll, the rights to subscribe for new shares in the capital of the Company by way of exercise of the Warrants would expire at 5.00 p.m. on Friday, 13 May 2022, being the Market Day immediately preceding the fifth anniversary of the date of issue of the Warrants.

On 13 May 2022, the Company announced the total number of issued and paid-up ordinary shares of the Company has increased from 1,299,198,393 ordinary shares to 1,229,199,593 ordinary shares by way of allotment and issuance of 1,200 new ordinary shares pursuant to the exercise of 1,200 Warrants at the exercise price of S$0.330 for each ordinary share on the same day. Accordingly, pursuant to the aforesaid exercise of the Warrants, all the remaining 491,398,842 Warrants had expired on 13 May 2022.

37. Authorisation of financial statements

The financial statements for the financial year ended 28 February 2022 were authorised for issue in accordance with a resolution of the directors on 25 May 2022.

STATISTICS OF
SHAREHOLDINGS
As at 18 May 2022

Class of Shares	:	Ordinary Share
Number of Issued Shares (excluding treasury shares and subsidiary holdings)	:	1,198,200,293
Issued and fully paid-up capital	:	SGD368,279,626
Voting Rights	:	One vote per share
Number of Treasury Shares and Percentage	:	30,999,300 (2.52%)
Number of Subsidiary Holdings and Percentage	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	170	9.94	1,938	0.00
100 - 1,000	233	13.63	120,077	0.01
1,001 - 10,000	486	28.42	2,566,005	0.22
10,001 - 1,000,000	794	46.43	64,357,858	5.37
1,000,001 AND ABOVE	27	1.58	1,131,154,415	94.40
TOTAL	**1,710**	**100.00**	**1,198,200,293**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	ATLAN HOLDINGS BHD	905,028,113	75.53
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	86,035,632	7.18
3.	MAYBANK SECURITIES PTE. LTD.	26,348,643	2.20
4.	RAFFLES NOMINEES (PTE.) LIMITED	25,929,105	2.16
5.	PHILLIP SECURITIES PTE LTD	13,150,180	1.10
6.	OCBC SECURITIES PRIVATE LIMITED	9,277,531	0.77
7.	UOB KAY HIAN PRIVATE LIMITED	8,461,830	0.71
8.	IFAST FINANCIAL PTE. LTD.	6,943,850	0.58
9.	DBS NOMINEES (PRIVATE) LIMITED	6,579,356	0.55
10.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	5,501,697	0.46
11.	SOH CHONG CHAI	5,299,080	0.44
12.	ELLPHA INVESTMENTS PTE LTD	4,100,000	0.34
13.	HSBC (SINGAPORE) NOMINEES PTE LTD	3,272,500	0.27
14.	ABN AMRO CLEARING BANK N.V.	3,006,200	0.25
15.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,599,327	0.22
16.	CHAN KENG LOKE	2,500,000	0.21
17.	E-FOS SDN BHD	2,472,722	0.21
18.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,344,399	0.20
19.	GOH BEE LAN	1,855,000	0.15
20.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,759,250	0.15
	TOTAL	**1,122,464,415**	**93.68**

SUBSTANTIAL SHAREHOLDERS AS AT 18 MAY 2022
(As recorded in the Register of Substantial Shareholders)

		DIRECT INTERESTS		DEEMED INTERESTS	
NO.	**NAME**	**NO. OF SHARES HELD**	**%**	**NO. OF SHARES HELD**	**%**
1.	Atlan Holdings Bhd	905,028,113	75.53	–	–
2.	Chesterfield Trust Company Limited as Trustees of The Lim Family Trust (1)	–	–	905,028,113	75.53
3.	Distinct Continent Sdn Bhd (2)	–	–	905,028,113	75.53
4.	Lim Family Holdings Limited (3)	–	–	905,028,113	75.53
5.	Dato' Sri Adam Sani bin Abdullah (4)	–	–	905,028,113	75.53
6.	Berjaya Corporation Berhad (5)	–	–	905,028,113	75.53
7.	Tan Sri Dato' Seri Vincent Tan Chee Yioun (6)	–	–	905,028,113	75.53

Notes:

1. Chesterfield Trust Company Limited as Trustees of The Lim Family Trust is deemed to have interest in the 905,028,113 Shares held by Atlan Holding Bhd ("**Atlan**") through Distinct Continent Sdn Bhd which is owned by Lim Family Holdings Limited by virtue of Section 7 of the Companies Act.

2. Distinct Continent Sdn Bhd is a substantial shareholder of Atlan. Distinct Continent Sdn Bhd is deemed interested in the 905,028,113 Shares held by Atlan by virtue of Section 7 of the Companies Act.

3. Lim Family Holdings Limited is deemed to have interest in the 905,028,113 Shares held by Atlan through its majority interest in Distinct Continent Sdn Bhd by virtue of Section 7 of the Companies Act.

4. Dato' Sri Adam Sani bin Abdullah is deemed to have interest in the 905,028,113 Shares held by Atlan through Chesterfield Trust Company Limited as Trustees of The Lim Family Trust by virtue of himself as the settlor, initial Protector and a primary beneficiary of The Lim Family Trust.

5. Berjaya Corporation Berhad ("**BCB**") is deemed interested in the 905,028,113 Shares held by Atlan through its direct and indirect interest totalling 23.73% in Atlan.

6. Tan Sri Dato' Seri Vincent Tan Chee Yioun is deemed interested in the 905,028,113 Shares held by Atlan through his interest in BCB. BCB has a direct and indirect interest totalling 23.73% in Atlan. Tan Sri Dato' Seri Vincent Tan Chee Yioun is a major shareholder of BCB.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 18 May 2022, approximately 24.23% of the issued ordinary shares (excluding treasury shares) of the Company are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST which requires that at least 10% of the issued ordinary shares (excluding preference shares, convertible equity securities and treasury shares) of the Company in a class that is listed is at all times held in the hands of the public.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting ("**AGM**") of Duty Free International Limited ("**Company**") will be held by way of electronic means on Wednesday, 29 June 2022 at 11:00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 28 February 2022 together with the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) who is retiring pursuant to Regulation 104 of the Constitution of the Company and being eligible, has offered himself for re-election, as Director of the Company. **(Resolution 2)**

   [See Explanatory Note (i)]

3. To approve the payment of Directors' fees of S$145,000 for the financial year ended 28 February 2022 (FY2021: S$145,000). **(Resolution 3)**

4. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to hold office until the conclusion of the next AGM and to authorise the Directors of the Company to fix their remuneration. **(Resolution 4)**

5. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without any modifications, the following resolutions as Ordinary Resolutions:

6.1 **Approval for the continued appointment Dato' Megat Hisham bin Megat Mahmud as an Independent Director of the Company**

(i) <u>Approval for the continued appointment of Dato' Megat Hisham bin Megat Mahmud, as an Independent Director, for the purpose of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST by all shareholders</u>

"That, subject to and contingent upon the passing of Resolution 6 by shareholders of the Company by appointing the Chairman of the AGM as proxy to vote at the AGM, excluding the Directors and the Chief Executive Officer of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST): -

(a) the continued appointment of Dato' Megat Hisham bin Megat Mahmud, as an Independent Director, for the purpose of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST be and is hereby approved; and

(b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Dato' Megat Hisham bin Megat Mahmud as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution."

[See Explanatory Note (ii)] **(Resolution 5)**

(ii) Approval for the continued appointment of Dato' Megat Hisham bin Megat Mahmud, as an Independent Director, for the purpose of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST by all shareholders, excluding the Directors and the Chief Executive Officer of the Company and their respective associates

"That, subject to and contingent upon the passing of Resolution 5: -

(a) the continued appointment of Dato' Megat Hisham bin Megat Mahmud, as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST be and is hereby approved; and

(b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Dato' Megat Hisham bin Megat Mahmud as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution."

[See Explanatory Note (ii)] **(Resolution 6)**

In compliance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST, the Directors and the Chief Executive Officer of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST), shall abstain from voting on Resolution 6.

6.2 **Share Issue Mandate**

"That pursuant to Section 161 of the Companies Act 1967 of Singapore ("**Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) allot and issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under subparagraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Ordinary Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments."

[See Explanatory Note (iii)] **(Resolution 7)**

6.3 **Renewal of Share Buyback Mandate**

"That for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as ascertained as at the date of Annual General Meeting ("**AGM**") of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Appendix to the Notice of AGM dated 7 June 2022 ("**Appendix**"), in accordance with the authority and limits of the renewed Share Buyback Mandate set out in the Appendix, and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (iv)] **(Resolution 8)**

BY ORDER OF THE BOARD

Thum Sook Fun
Company Secretary
Singapore, 7 June 2022

Explanatory Notes:

(i) **Ordinary Resolution 2 in relation to the re-election of Director**

General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) will, upon re-election as Director of the Company, continue to serve as Lead Independent Director, Chairman of Nominating Committee and Remuneration Committee, member of Audit Committee. The Board considers him independent for the purposes of Rule 704(8) of the Listing Manual of the the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The detailed information of the above Director (including information as set out in Rule 720(6) of the Listing Manual of the SGX-ST) can be found under sections entitled "**Board of Directors**" and "**Additional Information on Directors seeking re-election and/or continued appointment as Independent Director**" in the Company's Annual Report 2022.

(ii) **Ordinary Resolution 5 and 6 in relation to the continued appointment of Independent Director**

With effect from 1 January 2022, Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST will provide that a Director will not be independent if he has been a Director for an aggregate period of more than 9 years and his continued appointment as an independent Director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders excluding the Directors and the Chief Executive Officer of the Company, and their respective associates.

Pursuant thereto, the Company is seeking to obtain shareholders' approvals for the continued appointment of Dato' Megat Hisham bin Megat Mahmud via a Two-Tier Voting process as Independent Director, as Dato' Megat Hisham bin Megat Mahmud who was appointed as Director on 9 July 2013 will be served for more than 9 years on the Board of the Company as at 9 July 2022.

Ordinary Resolution 5 and 6, if passed, will remain in force until the earlier of the following (i) the retirement or resignation of the said Independent Director; or (ii) the conclusion of the third AGM of the Company following the passing of such resolutions.

Dato' Megat Hisham bin Megat Mahmud is the Independent Director of the Company, the Chairman of the Audit Committee, as well as a member of the Remuneration Committee. Upon passing of Resolutions 5 and 6 for his continued appointment as an Independent Director, he will continue in the aforementioned capacities.

The detailed information of the above Director (including information as set out in Rule 720(6) of the SGX-ST Listing Manual) can be found under sections entitled "**Board of Directors**" and "**Additional Information on Directors seeking re-election and/or continued appointment as Independent Director**" in the Company's Annual Report 2022.

The Nominating Committee and the Board have evaluated the participation of Dato' Megat Hisham bin Megat Mahmud at the Board and Board Committees' meetings and determined that he remains objective and independent minded in Board deliberations. His vast experience enables him to provide the Board and the various Board Committees on which he serves, with pertinent experience and competence to facilitate sound decision-making and that his length of service does not in any way interfere with his exercise of independent judgment nor hinder his ability to act in the best interests of the Company. Additionally, Dato' Megat Hisham bin Megat Mahmud fulfils the definition of independent director of the Listing Manual of the SGX-ST and the Code of Corporate Governance 2018. More importantly, the Board trust that Dato' Megat Hisham bin Megat Mahmud is able to continue to discharge his duties independently with integrity and competency.

(iii) The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of this AGM of the Company until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty per cent (20%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iv) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of this AGM until the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Appendix. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited financial statements of the Group and the Company for the financial year ended 28 February 2022 are set out in greater detail in the Appendix.

IMPORTANT NOTES:-

1. INTRODUCTION

The Annual General Meeting ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 including amended, varied or supplemented from time to time. Printed copies of the Notice of AGM will not be sent to members. Instead, the Notice of AGM will be sent to members by electronic means via publication on (i) SGX-ST's website at https://www.sgx.com/securities/company-announcements; and (ii) the Company's corporate website at https://ir.dfi.com.sg/.

Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in this Notice of AGM which has been published on SGXNet and the Company's corporate website at https://ir.dfi.com.sg/.

2. CONDUCT OF AGM

2.1 As a precautionary measure due to current COVID-19 situation in Singapore, member will **NOT** able to attend the AGM in person. Members may participate in the AGM by:

(a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream;

(b) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM; and

(c) submitting questions prior to the AGM.

To do so, please read the following steps carefully:-

2.1.1 *Pre-Registration of Attendance to attend the AGM via live audio-visual webcast or live audio-only stream*

Members who wish to attend the AGM via live audio-visual webcast or live audio-only stream are required to pre-register via https://bit.ly/DFI2022AGM by **11:00 a.m. on Sunday, 26 June 2022** to enable the Company to verify their status as Members. Upon the verification, verified Members will receive a confirmation email by **12:00 p.m. on Tuesday, 28 June 2022** which include user ID and password details ("**Details**") as well as the link to access the live audio-visual webcast and live audio-only stream.

Please **DO NOT** disclose Details to those who are not entitled to attend the AGM. Your presence via live audio-visual webcast shall be taken as attendance at the AGM. Members who have registered by **11:00 a.m. on Sunday, 26 June 2022** but have not received the confirmation email by **12:00 p.m. on Tuesday, 28 June 2022**, should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., by telephone at (+65) 6536 5355 during Monday to Friday, from 9:00 a.m. to 5:00 p.m. (excluding Public Holiday), or by email to AGM.TeamE@boardroomlimited.com. Further, if the members' information is unable to be verified (e.g. typo error), you will be denied to access the AGM via live audio-visual webcast or live audio-only stream.

Investors who hold shares through Relevant Intermediary*, except for Central Provident Fund Investment Scheme ("**CPF Investors**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable), who wish to participate in the AGM via live audio-visual webcast or live audio-only stream should contact their Relevant Intermediary through which they hold shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM. The Relevant Intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., via email to AGM.TeamE@boardroomlimited.com no later than **11:00 a.m. on Sunday, 26 June 2022**.

The CPF Investors and SRS Investors who wish to participate in the AGM via live audio-visual webcast or live audio-only stream are required to pre-register via https://bit.ly/DFI2022AGM by **11:00 a.m. on Sunday, 26 June 2022**.

*A Relevant Intermediary is:-

(a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Please note that recording of the AGM in whatever form is also STRICTLY prohibited.

2.1.2 *Voting by Proxy*

Members will NOT be able to vote through live audio-visual webcast and live audio-only stream.

Members (whether individual or corporate) who wish to vote must submit their proxy forms in advance and appoint "**Chairman of the AGM**" as their proxy by giving the specific instruction to vote. The Chairman of the AGM as proxy, need not be a member of the Company. The proxy form may also be accessed same as the Notice of this AGM based on Note 1.

Member can either choose to submit the completed and signed proxy form by the following manners by **11:00 a.m. on Sunday, 26 June 2022**, being not less than 72 hours before the time appointed for the AGM:-

(i) If submitted by post, be deposited at the office of the Share Registrar of the Company at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(ii) If submitted electronically, via email to AGM.TeamE@boardroomlimited.com

A member who wishes to submit an instrument of proxy must first **download, complete and sign** the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

For investors who hold shares through a Relevant Intermediary*, including CPF Investors and/or SRS Investors (as may be applicable), who wish to appoint the Chairman of the AGM as proxy, should contact their (i) Relevant Intermediary as soon as possible to specify voting instructions, (ii) CPF Agent Banks or SRS Operators through which they hold shares to submit their votes at least seven (7) working days before the AGM by **5:00 p.m. on Friday, 17 June 2022**.

As a precautionary measure due to current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and the Register of Members of the Company, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate held by you.

The instrument appointing Chairman as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing Chairman as proxy is executed by a corporation, it must be either under its common seal or under the hand of any duly authorised officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), if required by law, be duly stamped and to be deposited based on the above item 2.1.2 (i) or (ii), falling which the proxy form may be treated as invalid.

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by the Depository to the Company.

2.1.3 *Submission of Questions*

Members will not be able to ask question at the AGM during the live audio-visual webcast or live audio-only stream, and therefore, it is important for members to pre-register and pre-submit their questions in advance of the AGM.

A member who pre-registers to participate the AGM via live audio-visual webcast or live audio-only stream may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by **5:00 p.m. on Monday, 20 June 2022**: -

(a) via the pre-registration website at https://bit.ly/DFI2022AGM;
(b) in hard copy by post to the office of the Share Registrar of the Company at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
(c) by email to AGM.TeamE@boardroomlimited.com .

When sending in your questions via item 2.1.3 (b) and (c), please also provide us with the following details:-

(i) Your full name;
(ii) Your full NRIC / Passport / Company Number;
(iii) Your contact number and email address: and
(iv) The manner in which you hold shares in the Company (e.g. via CDP, CPS and/or SRS).

The Company will endeavour to address all substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM) received from members via SGXNet and Company's corporate website by **Wednesday, 22 June 2022**.

Where questions overlap, we may consolidate such questions and address them by topic. Consequently, some questions may not be individually address.

The minutes of AGM, including the responses to substantial and relevant questions from members addressed prior and/ or during AGM, will be published on the SGXNet and the Company's corporate website within one (1) month after the conclusion of the said AGM.

3. ANNUAL REPORT AND OTHER DOCUMENTS

3.1 In line with the provisions under the Order, no printed copies of the Annual Report 2022, Notice of AGM, accompanying proxy form and as well as Appendix in relation to the Proposed Renewal of the Share Buyback Mandate will be despatched to the members.

3.2 The following documents are made available to members via publication on (i) SGX-ST's website at https://www.sgx.com/securities/company-announcements; and (ii) the Company's corporate website at https://ir.dfi.com.sg/:-

(a) Annual Report 2022;
(b) Notice of AGM;
(c) Appendix in relation to the Proposed Renewal of the Share Buyback Mandate; and
(d) Proxy form in relation to the AGM.

As a precautionary measure due to current COVID-19 situation in Singapore, the Company will closely monitor the situation and reserves the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the AGM. Any material developments will be announced on the SGXNet and members are advised to check the SGXNet regularly for updates on the AGM and/or material developments.

Personal Data Privacy

“Personal data” in this notice of AGM has the same meaning as “personal data” in the Personal Data Protection Act 2012, which includes the member’s name and its proxy’s and/or representative’s name, address and NRIC/Passport number. Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty. The member’s personal data and the proxy’s and/or representative’s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company’s verification and record purposes.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

Additional Information on Directors Seeking Re-election and/or Continued Appointment as Independent Director

General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) and Dato' Megat Hisham bin Megat Mahmud are the Directors seeking re-election and/or continued appointment as Independent Director at the forthcoming Annual General Meeting ("**AGM**") of the Company to be convened on Wednesday, 29 June 2022 under Ordinary Resolutions 2, 5 and 6 as set out in the Notice of AGM dated 7 June 2022.

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Trading Securities Limited ("**SGX-ST**"), the information relating to the Directors as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST is set out below, and to be read in conjunction with their respective profiles under section entitled "**Board of Directors**" in the Company's Annual Report 2022 on pages 12 to 13:

Name of the Directors	**General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired)**	**Dato' Megat Hisham bin Megat Mahmud**
Date of Appointment	7 January 2011	9 July 2013
Date of last re-appointment	20 June 2019	27 August 2020
Age	74	65
Country of principal residence	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance preparedness, participation, independency and suitability of General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) for re-election as director of the Company and concluded that General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance preparedness, participation, independency and suitability of Dato' Megat Hisham bin Megat Mahmud for continued appointment as independent director of the Company and concluded that Dato' Megat Hisham bin Megat Mahmud possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of Nominating Committee and Remuneration Committee, Member of Audit Committee	Independent Director, Chairman of Audit Committee and Member of Remuneration Committee
Professional qualifications	Please refer to the respective Director's profiles on pages 12 to 13	
Working experience and occupation(s) during the past 10 years	Please refer to the respective Director's profiles on pages 12 to 13	
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil

Name of the Directors	General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired)	Dato' Megat Hisham bin Megat Mahmud
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships		
Past (for the past 5 years)	Guocera Tiles Sdn Bhd	Nil
Present	• Cyber Security Malaysia • Desatera Sdn Bhd • DMIA (M) Sdn Bhd • Senawang Teck Park Sdn Bhd • Megarich Land (M) Sdn Bhd • Lotus Terrian Sdn bhd • Paradigma Berkat Sdn Bhd	Nil
Information required under items (a) to (k) of Appendix 7.4.1 of Mainboard Listing Rules	There is no change to the responses previously disclosed by General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) under the items (a) to (k) of Appendix 7.4.1 of Mainboard Listing Rules which were all "No". The Appendix 7.4.1 information is respect of General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) as Director was announced via Annual Report 2021 which published to SGXNet on 4 June 2021.	There is no change to the responses previously disclosed by Dato' Megat Hisham bin Megat Mahmud under the items (a) to (k) of Appendix 7.4.1 of Mainboard Listing Rules which were all "No". The Appendix 7.4.1 information is respect of Dato' Megat Hisham bin Megat Mahmud as Director was announced via Annual Report 2020 which published to SGXNet on 4 August 2020.

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DUTY FREE INTERNATIONAL LIMITED
(Company Registration Number: 200102393E)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING
(for the financial year ended 28 February 2022)

IMPORTANT:
1. The Annual General Meeting ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 including amended, varied or supplemented from time to time. The Notice will be sent to members by electronic means via publication on (i) SGX-ST's website at https://www.sgx.com/securities/company-announcements; and (ii) the Company's corporate website at https://ir.dfi.com.sg/.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Notice of AGM dated 7 June 2022 which has been published on SGX-ST's website at https://www.sgx.com/securities/company-announcements and the Company's corporate website at https://ir.dfi.com.sg/.
3. As a precautionary measure due to current COVID-19 situation, members will **NOT** be able to attend the AGM in person. Members (whether individual or corporate) who wish to vote must submit their proxy forms in advance and appoint "**Chairman of the AGM**" as their proxy by giving the specific instruction to vote.
4. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5:00 p.m. on Friday, 17 June 2022, being seven (7) working days before the AGM.
5. **Please read the notes overleaf which contain the instruction on, *inter alia*, the appointment of the Chairman of the AGM as proxy to vote on his/her behalf at the AGM.**

I/We*, ______________________ (Name) ______________________ (NRIC/Passport /Company No.)*

of ____ (Address)

being a member/members of **DUTY FREE INTERNATIONAL LIMITED** (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting (the "**AGM**") as *my/our proxy to attend and vote for *me/us on *my/our behalf at the AGM of the Company to be held by electronic means on Wednesday, 29 June 2022 at 11:00 a.m. and at any adjournment thereof. *I/We direct *my/our proxy to vote for or against the Ordinary Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the AGM as *my/our proxy will be treated as invalid.

All Ordinary Resolutions put to the vote at the AGM shall be decided by way of poll.

***If you wish to exercise all your votes 'For' or 'Against' or 'Abstain', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

No.	ORDINARY RESOLUTIONS	No. of Votes		
	AS ORDINARY BUSINESS	**For****	**Against****	**Abstain****
1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 28 February 2022 together with the Directors' Statement and Auditors' Report thereon.			
2	To re-elect General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired) as Director of the Company.			
3	To approve the payment of Directors' fees of S$145,000 for the financial year ended 28 February 2022 (FY2021: S$145,000).			
4	To re-appoint Messrs Ernst & Young LLP as Auditors of the Company.			
	AS SPECIAL BUSINESS			
5	Approval for the continued appointment of Dato' Megat Hisham bin Megat Mahmud as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST.			
6	Approval for the continued appointment of Dato' Megat Hisham bin Megat Mahmud as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST.			
7	Share Issue Mandate.			
8	Renewal of Share Buyback Mandate.			

Dated this ________ day of ____________ 2022

Total Number of Shares held

____

Signature of Member(s)
or Common Seal of Corporate Shareholder

**Delete where inapplicable*

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:-

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. As a precautionary measure due to current COVID-19 situation in Singapore, members will **NOT** be able to attend the AGM in person. Members (whether individual or corporate) who wish to vote must submit their proxy forms in advance and appoint "**Chairman of the AGM**" as their proxy by giving the specific instruction to vote. The Chairman of the AGM as proxy, need not be a member of the Company.

3. Members can either choose to submit the completed and signed proxy form by the following manners by **11:00 a.m. on Sunday, 26 June 2022**, being not less than 72 hours before the time appointed for the AGM:-

   (i) If submitted by post, be deposited at the office of the Share Registrar of the Company at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (ii) If submitted electronically, via email to AGM.TeamE@boardroomlimited.com.

   A member who wishes to submit an instrument of proxy must first **download, complete and sign** the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

   For investors who hold shares through a Relevant Intermediary*, including Central Provident Fund Investment Scheme ("**CPF Investors**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable), who wish to appoint the Chairman of the AGM as proxy, should contact their (i) Relevant Intermediary as soon as possible to specify voting instructions, (ii) CPF Agent Banks or SRS Operators through which they hold shares to submit their votes at least seven (7) working days before the AGM by **5:00 p.m. on Friday, 17 June 2022**.

   As a precautionary measure due to current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

Affix postage stamp

THE SHARE REGISTRAR
DUTY FREE INTERNATIONAL LIMITED
(Company No.: 200102393E)

1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

4. The instrument appointing Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

   *A Relevant Intermediary is:-

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:-

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 June 2022.

DUTY FREE INTERNATIONAL LIMITED
(200102393E)

www.dfi.com.sg
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