



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

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## ENTRY INTO JOINT DEVELOPMENT AGREEMENT

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### 1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Duty Free International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Kelana Megah Sdn. Bhd. (“**KMSB**”), had entered into a conditional joint development agreement (“**Agreement**”) with Chin Hin Property (Stulang) Sdn. Bhd. (“**CHPSSB**”, and together with KMSB, known as the “**Parties**”) on 10 September 2024, to undertake a joint development on a parcel of leasehold land held under H.S.(D) 605698, Lot No. PTB 20379, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor measuring approximately 17,342 square meters (equivalent to approximately 186,668 square feet) (“**Land**”) (the “**Project**”) in a joint manner (“**Proposed Joint Development**”).

### 2. INFORMATION OF KMSB

- 2.1. KMSB is a private limited liability company incorporated and domiciled in Malaysia. KMSB’s ultimate holding company is Atlan Holdings Bhd. (Reg No. 198801005893 (173250-W)), a public company listed on the Main Market of Bursa Malaysia Securities Berhad. Its immediate holding company is Orchard Boulevard Sdn. Bhd., and its penultimate holding company is the Company. KMSB was incorporated on 8 March 1991 and its principal activities are property investment and carrying on real estate activities with its own or leased properties.

### 3. INFORMATION OF CHPSSB

*Save as otherwise indicated, the information below relating to CHPSSB was based on information provided by CHPSSB. In respect of such information, the Company has not independently verified the accuracy or correctness of the same and the Company’s responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.*

- 3.1. CHPSSB is a private limited liability company incorporated in Malaysia on 2 September 2024 with an issued and paid-up capital of RM2 comprising 2 ordinary shares. Its registered office is located at Suite 16.06 MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, Pulau Pinang and it is principally involved in property development. CHPSSB is a wholly-owned subsidiary of BKG Development Sdn. Bhd. (“**BKGD**”), which in turn is a wholly-owned subsidiary of Chin Hin Group Property Berhad (Reg No. 200101017677 (553434-U)), a public company listed on the Main Market of Bursa

Malaysia Securities Berhad (“**CHGP**”). CHGP is in the businesses of investment holding and the provision of management services.

To the best of the knowledge of the Board, prior to the Agreement, (i) CHPSSB, its directors and its shareholders; (ii) BKGD, its directors and its shareholders; and (iii) CHGP, its directors and its substantial shareholders, are independent of the Group, the Company, its Directors, its substantial shareholders and their respective associates and have no prior business, commercial or trade dealings with the Group.

In addition, to the best of the knowledge of the Board, (a) CHPSSB, its directors and its shareholders; (b) BKGD, its directors and its shareholders; and (c) CHGP, its directors and its substantial shareholders, do not currently hold any shareholding interest (direct or indirect) in the Company.

#### 4. INFORMATION OF THE LAND

4.1. KMSB had on 27 May 2019 entered into a Privatisation Cum Development Agreement with the State Government of Johor, the State Secretary, Johor (Incorporated) and Majlis Bandaraya Johor Bahru to reclaim and privatise the Land (“**Privatisation Agreement**”). However, the issue document of title of the Land, as at the date of this announcement, has not been registered under KMSB’s name.

Nonetheless, KMSB is the beneficial owner of the Land for 99 years’ leasehold period until 7 March 2120 and the Land is categorised for “Building” purpose.

4.2. Further information of the Land is as follows:

Lot No.	PTB 20379
Title No.	H.S.(D) 605698
Tenure	99-year leasehold interest, expiring on 7 March 2120
Land area	17,342 square metres (about 4.285 acres   186,668 square feet)
Category of land use	Building
Expressed conditions	(a) this land shall be used for buildings to be built according to the plan approved by the relevant local authority; (b) all dirt and pollution resulting from this activity must be channelled/discarded to the places that have been determined by the relevant authorities; and (c) all policies and conditions that have been set and enforced from time to time by the relevant authorities must be complied with
Endorsement	8 March 2021
Restriction in interest	This granted land cannot be sold, mortgaged, pledged, leased or transferred in any way whatsoever, including by using any agreement that aims to release/sell this land, without the permission of the state authorities
Registered owner	Perbadanan Setiausaha Kerajaan Johor
Market value based on the Valuation Letter, details as set out below	RM85,300,000

- 4.3. KMSB had also on 5 July 2024 entered into a tenancy agreement (“**Tenancy Agreement**”) with the existing tenant of the Land, Berjaya Waterfront Sdn Bhd (199001000517 (192075-U)) (“**BWSB**” or “**Tenant**”) to let and grant the right to use part of the Land to the Tenant on a month-to-month basis unless terminated by either party by giving one (1) month advance notice in writing. The said part of the Land is currently used as a car park known as “Berjaya Waterfront Johor Bahru”, with some temporary structures erected thereon.
- 4.4. Save for the Tenancy Agreement, the Land is free from all encumbrances, squatters, illegal occupants and illegal structures.
- 4.5. KMSB and CHPSSB have jointly appointed an independent valuer, Rahim & Co. International Sdn. Bhd. (“**Independent Valuer**”) to conduct an independent valuation of the market value of the Land (“**Valuation**”). The Valuation of the Land, according to the Privatisation Agreement, is estimated to be approximately RM85.3 million, based on the valuation letter dated 6 September 2024 issued by the Independent Valuer (“**Valuation Letter**”) using Market Value and on “as is” basis.
- 4.6. The Valuation was conducted in accordance with the Malaysian Valuation Standards (6<sup>th</sup> Edition 2019) issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia and the International Valuation Standards issued by the International Valuation Standards Council.
- 4.7. Market Value is defined in Standard 4 of Malaysian Valuation Standards (6<sup>th</sup> Edition 2019) as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In arriving at the Market Value of the Land, the Independent Valuer had adopted the comparison approach and the residual method under the income approach.
- 4.8. The Independent Valuer is in the midst of preparing its full independent valuation report of the Valuation, and further details on the Valuation will be included in the circular to shareholders of the Company to be despatched in due course.
- 4.9. None of (i) CHPSSB, its directors and its shareholders; (ii) CHGP, its directors and its substantial shareholders; and (iii) the Group, the Company, its Directors and its substantial shareholders, have any interest, direct or indirect, in the Independent Valuer.

## 5. **INFORMATION OF THE PROPOSED JOINT DEVELOPMENT**

KMSB had on 16 January 2018 obtained the approval from Johor State Economic Planning Unit to construct a proposed development comprising four (4) blocks of serviced apartments, 14 units shop lots and multiple storey carparks on part of the Land (“**Development Land**”). However, under the Agreement, an amendment to the existing approved development plan shall be submitted according to the new development concept agreed upon by KMSB and CHPSSB pursuant to the Proposed Joint Development.

KMSB and CHPSSB are desirous to enter into the Agreement to undertake the Proposed Joint Development to jointly develop the Development Land into two (2) blocks of 1,260 units of serviced apartments, 10 units retail lots and multiple storey carparks on the Land.

KMSB and CHPSSB agree that CHPSSB shall be responsible for overseeing and managing the Project and shall undertake and complete each and every phase of the Project upon the terms and subject to the conditions of the Agreement.

Pursuant to the Agreement, KMSB, being the joint developer of the Land, shall be entitled to 18.0% of the total net saleable area of the Proposed Joint Development ("**KMSB's Entitlement**") which shall be payable/distributable in accordance with the manners as set out under Section 6.2 of this announcement.

The Proposed Joint Development is estimated by CHPSSB to have a gross development value ("**GDV**") of RM478.42 million and gross development cost ("**GDC**") of RM406.42 million, and accordingly, the value of KMSB's Entitlement is estimated at RM83.57 million.

Further details of the Proposed Joint Development are as follows:

Number of phase	: One (1) phase
Type of development	: Two (2) blocks comprising 1,260 units of serviced apartments, 10 units of retail lots and multiple storey car parks
Net saleable area	: Not less than 837,152 square feet, subject to allowable variation of plus or minus 3%
Expected commencement date	: 3 <sup>rd</sup> quarter of 2025
Expected completion date	: 3 <sup>rd</sup> quarter of 2029
Estimated GDV	: RM478.42 million
Estimated GDC	: RM406.42 million
Estimated value of KMSB's Entitlement	: RM83.57 million

- 5.1. Pursuant to the terms of the Agreement, in order to finance the development cost of the Project, CHPSSB agrees to procure a bridging loan ("**Bridging Loan**") from its bridging financier ("**Bridging Financier**") to finance the construction and development costs of the Project in accordance with the terms of the Agreement, on terms which are reasonably acceptable to KMSB. Subject to CHPSSB's provision of a standby letter of credit ("**SBLC**") in accordance with the terms of the Agreement, KMSB agrees to facilitate and procure the consent to charge to allow the registration of third-party charge on the Land in favour of the Bridging Financier in accordance with the terms of the Agreement.
- 5.2. The SBLC refers to a total sum of RM90,000,000.00 only issued in favour of KMSB to be provided by CHPSSB, payable upon demand and in such format as may be reasonably acceptable to KMSB. The SBLC shall be valid and subsisting at all times throughout the duration of the Agreement and shall be renewed by CHPSSB one (1) month prior to the expiration of the SBLC, failing which, KMSB shall have the absolute right to claim the SBLC without further reference to CHPSSB. The SBLC shall expire upon completion of the Entitlement Units (as defined below) and delivery of vacant possession of the Entitlement Units to KMSB (or such other party as may be nominated by KMSB). CHPSSB undertakes that it shall not drawdown the Bridging Loan prior to the provision of the SBLC.

## 6. KEY TERMS OF THE AGREEMENT

### 6.1. Implementation of the Project

In consideration of CHPSSB's undertaking to comply with its covenants and obligations stated in the Agreement, KMSB appoints CHPSSB to implement and complete the development of the Project. To this end, CHPSSB shall be conferred with the following absolute rights in respect of the Project:

- (i) the right to design, develop, build and complete the Project on the Development Land provided always that the building plans, layout plans and/or all drawings/plans proposed by CHPSSB for the Project (the "**Plans**") shall be approved in writing by KMSB prior to submission to the Appropriate Authority (as defined in the Agreement);
- (ii) the right to apply and maintain all necessary approvals, licenses, and permits for the purpose of the Project at its own costs and expenses (unless otherwise stated in the Agreement);
- (iii) the right to manage and implement the Project including the appointment of all consultants, advisers, contractors, and suppliers in relation thereto at its own costs and expenses;
- (iv) the right to dispose of the components and the parcel units comprised in the Project ("**Parcels**"), save and except for such number of Parcels (calculated in square feet) as calculated based on the formula set out in the Agreement, transferrable to KMSB (the "**Entitlement Units**"); and
- (v) the right to receive, collect, demand and utilise all proceeds and/or profits derived from the sale of the Parcels comprised in the Project, save and except for the Entitlement Units, and to any other form of revenue derived from the Project,

(collectively, "**Development Rights**").

### 6.2. Entitlements

**KMSB's Entitlement:** In consideration of KMSB granting the Development Rights and its full observance of all terms set out in the Agreement, the Parties agree that KMSB shall be entitled to the KMSB's Entitlement, being 18% of the total net saleable area of the entire Project (calculated in square feet), which shall be payable/distributable in accordance with the manners as provided hereunder:

- (i) Entitlement in cash – a sum of RM3,000,000.00 being part of KMSB's Entitlement shall be paid by CHPSSB by way of cash upon execution of the Agreement (the "**First Payment**"); and
- (ii) Entitlement in kind – the balance of KMSB's Entitlement shall be settled by way of distribution in kind in accordance with the Parcel Entitlement (as defined below) as set out under the Agreement.

**CHPSSB's Entitlement:** In consideration of CHPSSB's undertaking to comply with its covenants and obligations stated in the Agreement, the Parties agree that all the proceeds derived from or in relation to the Project (which shall exclude KMSB's Entitlement) shall be fully retained by and belong to CHPSSB.

**Parcel Entitlement:** Subject to the procurement of the Development Approvals (as defined in the Agreement) by CHPSSB, the Parties agree that the balance of the KMSB's Entitlement shall be satisfied by transferring the Entitlement Units to KMSB. The determination and selection of the Entitlement Units shall be conducted in accordance with the terms set out in the Agreement.

**Unsold Parcel Entitlement:** The Parties shall use their best endeavours to complete the Project and to procure all Parcels to be completely disposed of on or before the completion of the Project. In the event there are unsold parcels on or after the completion of the Project ("**Unsold Parcels**"), KMSB shall hold all the Unsold Parcels as bare trustee in favour of CHPSSB without any further obligations or undertakings of any kind whatsoever.

### 6.3. **Conditions Precedent**

The Agreement is subject to and conditional upon, among other things, the fulfilment of the following conditions precedent within a nine (9) months period from the date of the Agreement ("**Conditional Period**") or such further period to be mutually agreed by the Parties:

- (i) To be fulfilled by KMSB:
  - (a) To successfully register KMSB's name on the issue document of title of the Land (which carries the category of land use of "Commercial") at the costs of KMSB;
  - (b) To obtain the approval of board of directors and/or shareholders of KMSB (including the holding company of KMSB, if applicable);
  - (c) To grant CHPSSB an irrevocable and limited power of attorney duly registered with the High Court of Malaya and Johor's land office in favour of CHPSSB to deal with the Development Land ("**Power of Attorney**") for the purposes of fulfilling the relevant conditions precedent contemplated in the Agreement;
  - (d) To terminate the Tenancy Agreement and to peacefully evict all the existing occupants and remove all the existing structures erected on the Land at the costs of KMSB without any claims, actions and/or any recourse to CHPSSB;
  - (e) To obtain confirmation and/or approval in writing from the Appropriate Authority (with reasonable assistance from CHPSSB) in respect of the following:
    - (i) the construction and implementation of the Project by CHPSSB based on the new development concept as agreed upon by the Parties; and
    - (ii) the Project shall have net saleable area of not less than 837,152 square feet, subject to allowable variation of plus or minus 3%.

- (ii) To be fulfilled by CHPSSB:
  - (a) To be satisfied with the legal, financial and/or business due diligence on the Development Land and the Project by CHPSSB (including the feasibility analysis on the Development Land and the Project) ("**Due Diligence**") at the costs of CHPSSB;
  - (b) To provide KMSB the SBLC as a security for the compliance of its obligations set out in the Agreement. If CHPSSB intends to procure the Bridging Loan during the Conditional Period, the SBLC shall be provided to KMSB on the same day as the day of (in exchange for) the creation of the charge over the Land in favour of the Bridging Financier. For the avoidance of doubt, the fulfilment of this condition precedent shall only be commenced upon all the other conditions precedent being satisfied;
  - (c) To obtain the approval of board of directors and/or shareholders of CHPSSB (including the holding company of CHPSSB, if applicable); and
  - (d) To obtain the development order at its own costs and expenses.

All conditions precedent as set out above shall be fulfilled within the Conditional Period, save and except for the condition precedent in respect of the Due Diligence, which shall be fulfilled within two (2) months from the date of the Agreement ("**Due Diligence Period**"). The Agreement shall be deemed unconditional on the date when all the conditions precedent (other than the conditions precedent which have been waived by written agreement of the Parties) have been fulfilled ("**Unconditional Date**"). The condition precedent in respect of the Due Diligence is satisfied or deemed satisfied if CHPSSB:

- (a) notifies KMSB in writing that it is satisfied with the results of due diligence audit within the Due Diligence Period; or
- (b) does not notify KMSB whether it is satisfied with the results of Due Diligence by the expiration of the Due Diligence Period.

#### 6.4. **Non-Satisfaction of Conditions Precedent**

If any or all of the conditions precedent set out in Section 6.3 above is not satisfied prior to the expiration of the Conditional Period or the Due Diligence Period, as the case may be, a Party may terminate the Agreement forthwith by written notice to the other Party whereupon the Agreement shall cease to have effect and each Party shall have no claim under it against the other, save in respect of any antecedent breach and CHPSSB shall take all necessary steps, at its own costs and expenses, to effectively revoke the Power of Attorney with KMSB's rights, benefits and interests therein intact and upon the successful revocation of the Power of Attorney, KMSB shall then refund the First Payment (being a sum of RM3,000,000.00) to CHPSSB without interest. At its own costs and expenses, CHPSSB shall assign/novate, to the extent that it is legally allowed, all or any of the Development Approvals (as determined by KMSB) to KMSB or its nominee.

## 6.5. Construction Completion

The Project (including the Entitlement Units) shall be completed within thirty-nine (39) months plus an extended period equivalent to the extension for the completion period under the sale and purchase agreements in relation to the Parcels to be entered into between CHPSSB, KMSB and the end-purchasers granted by the Appropriate Authorities commencing from, and including, the Unconditional Date (or such further period to be mutually agreed by the Parties) (“**Completion Period**”). For the purposes of the Agreement, the words "completion" or "complete" in respect of the Project shall mean the date when all Parcels (and all other units or components of the Project, including the Entitlement Units) have been issued with certificate of completion and compliance.

Barring any unforeseen circumstances, the Proposed Joint Development is expected to be completed by the third quarter of 2029.

## 6.6 Events of Default

**Default by KMSB:** In the event:

- (a) KMSB commits a material breach of any material obligations which are related directly to obligations to be undertaken by KMSB in its capacity of the registered proprietor of the Land where in such event, KMSB has been given fourteen (14) days' notice in writing by CHPSSB to remedy such breach and where KMSB fails to take any action whatsoever to remedy such breach within the said period; or
- (b) KMSB goes into liquidation or makes an assignment for the benefit or enters into an arrangement or composition with its creditors or has a receiver appointed; or
- (c) KMSB is unable to pay its debts within the meaning of the Companies Act 2016 for the time being in force in Malaysia; or
- (d) any distress, legal or execution proceedings are levied or commenced against KMSB or judgment is entered against KMSB which may materially and adversely affect KMSB's performance of its obligations under the Agreement; or
- (e) KMSB shall have a receiver or manager or receiver and manager appointed over the whole or any material part of its assets,

then and in such event, CHPSSB shall have the right and power to either:

- (i) claim for specific performance of the Agreement at the cost and expense of KMSB; or
- (ii) terminate the Agreement and the following shall apply:
  - (aa) *Refund* – KMSB shall refund without interest the First Payment within fourteen (14) days from the date of termination notice; and
  - (bb) *Liquidated Ascertained Damage* – KMSB shall further pay a sum of RM10,000,000.00 to CHPSSB as agreed liquidated damages and not



as a penalty within fourteen (14) days from the date of termination notice; and

- (cc) *Other Costs* – Without prejudice to any other rights and remedies to which CHPSSB may be entitled at law and/or under equity, CHPSSB shall be entitled to recover any costs, expenses and damages which CHPSSB has incurred and/or suffered under the Agreement and for the Project including any liquidated ascertained damages due to end-purchasers. All the costs shall be paid by KMSB to CHPSSB within fourteen (14) days from the date of finalisation of the calculation of such costs; and
- (dd) *Re-Delivery of Development Land* – Concurrently with the receipt of payment under (aa), (bb) and (cc) by CHPSSB and the cancellation of SBLC by KMSB, CHPSSB shall re-deliver or transfer the legal and vacant possession of the Development Land to KMSB and shall undertake to ensure that the Land shall be free from all encumbrances with KMSB's rights, benefits and interests therein intact and if necessary, to discharge or remove all charges, caveats and such other encumbrances created over the Land at its own costs and expenses; and
- (ee) *Assignment of Approvals* – At its own costs and expenses, CHPSSB shall assign/novate, to the extent that it is legally allowed, all or any of the Development Approvals (as determined by KMSB) to KMSB or its nominee.
- (ff) *Revocation of Power of Attorney* – CHPSSB shall take all necessary steps, at its own costs and expenses, to effectively revoke the powers of attorney granted by KMSB in favour of CHPSSB with KMSB's rights, benefits and interests therein intact.

**Default by CHPSSB:** In the event:

- (a) CHPSSB commits a breach of any material obligations, covenant or undertaking as set out in the Agreement where in such event, CHPSSB has been given fourteen (14) days' notice in writing by KMSB to remedy such breach and where CHPSSB fails to take any action whatsoever to remedy such breach within the said period; or
- (b) CHPSSB goes into liquidation or makes assignment for the benefit or enters into an arrangement or composition with its creditors or has a receiver appointed; or
- (c) CHPSSB is unable to pay its debts within the meaning of the Companies Act 2016 for the time being in force in Malaysia; or
- (d) any distress, legal or execution proceedings is levied or commenced against CHPSSB or judgment is entered against CHPSSB which may materially and adversely affect CHPSSB's performance of its obligations under the Agreement; or
- (e) CHPSSB shall have a receiver or manager or receiver and manager appointed over the whole or any material part of its assets; or

- (f) CHPSSB fails to complete the construction of the Project within the extended Completion Period; or
- (g) CHPSSB suspends the construction of the Project for a continuous period of three (3) months or abandons work,

then and in such event, KMSB shall have the right and power to either:

- (i) claim for specific performance of the Agreement at the cost and expense of CHPSSB; or
- (ii) terminate the Agreement and KMSB shall be entitled to the following rights and remedies:
  - (aa) *SBLC* – KMSB shall be entitled to call on the SBLC immediately without any reference to CHPSSB; and
  - (bb) *Liquidated Ascertained Damage* – CHPSSB shall pay a sum of RM10,000,000.00 to KMSB as agreed liquidated damages and not as a penalty within fourteen (14) days from the date of termination notice; and
  - (cc) *Forfeiture* – KMSB shall be entitled to forfeit the First Payment and it shall refund all other sum paid by CHPSSB (if any) without interest within fourteen (14) days from the date of termination notice; and
  - (dd) *Other Costs* – Without prejudice to any other rights and remedies to which KMSB may be entitled to at law and/or under equity, KMSB shall be entitled to recover any costs, expenses and damages which KMSB has incurred and/or suffered under the Agreement and for the Project including any liquidated ascertained damages due to end-purchasers. All the costs shall be paid by CHPSSB to KMSB within fourteen (14) days from the date of finalisation of the calculation of such costs; and
  - (ee) *Re-Delivery of Land* – Concurrently with the receipt of payment under (aa), (bb) and (cc) by KMSB, KMSB shall immediately transfer the Land to CHPSSB; and
  - (ff) *Revocation of Power of Attorney* – CHPSSB shall take all necessary steps, at its own costs and expenses, to effectively revoke the powers of attorney granted by KMSB in favour of CHPSSB with KMSB's rights, benefits and interests therein intact.

## 7. RATIONALE FOR THE AGREEMENT

The formation of a joint development under the Agreement with CHGP to build residential serviced apartments on the Land presents significant strategic advantages and opportunities to provide earnings and growth opportunities for the Group, as well as new revenue stream to the Group. This collaboration combines the specialised expertise of reputable partner - CHGP's proficiency in construction and engineering, along with their regulatory knowledge and extensive real estate experience as well as enhance risk mitigation, expand market reach, and improve operational efficiencies of the Proposed Joint Development. These factors collectively strengthen the Project's

resilience and significantly enhance its long-term visibility in a competitive real estate market.

The Board believes that the Group's collaboration with CHGP as a reputable partner for the Proposed Joint Development would enhance the Project's attractiveness and would boost prospective investors' and financiers' confidence in the Project, as well as facilitate smoother access to regulatory approvals that are crucial for the timely and efficient execution of the Project.

In addition, the Board believes that the Proposed Joint Development, upon completion, will enable the Group to realise the value of the Land, strengthen the financial position of the Group and improve the cashflow of the Group.

Accordingly, after having considered all relevant aspects of the Proposed Joint Development, the Board is of the opinion that the Agreement, the Project and the Proposed Joint Development are in the best interests of the Company.

**8. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING RULES OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("LISTING RULES") IN RELATION TO THE PROPOSED JOINT DEVELOPMENT**

Based on the latest announced unaudited consolidated financial statements of the Group for the three (3) months ended 31 May 2024 ("1Q FY2025"), the relative figures for the Proposed Joint Development computed on the bases set out in Rule 1006 of the Listing Rules are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures</b>
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	24.5% <sup>(1)</sup>
(b)	Net profits attributable to the assets acquired or disposed of, compared to the Group's net profits.	1.4% <sup>(2)</sup>
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	32.6% <sup>(3)</sup>
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared to the number of equity securities previously in issue.	Not applicable <sup>(4)</sup>
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not applicable <sup>(5)</sup>

**Notes:**

(1) Pursuant to Rule 1003(2) of the Listing Rules, in determining the basis of valuation of any acquisition or disposal of assets other than shares, the value will be assessed by reference to the book value of the assets or, if a valuation has been carried out for the purpose of the acquisition or disposal, the market value of the assets.

Computed based on the Valuation of the Land (assuming the transfer of the Land by KMSB to end-purchasers upon completion of the transfer of all strata titles of the Parcels) as at 6 September 2024 of approximately RM85,300,000, and the unaudited net asset value of the Group as at 31 May 2024 of approximately RM347,774,000.

- (2) Under Rule 1002(3)(b) of the Listing Rules, “net profits” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

Computed based on the net profit attributable to the Land (being the rental income generated from the Tenancy Agreement) for 1Q FY2025 of approximately RM30,000 and the profit before tax of the Group for 1Q FY2025 of approximately RM2,164,000.

- (3) Computed based on KMSB’s Entitlement of approximately RM83,570,000 (being the consideration of KMSB granting of the Development Rights) and the Company’s market capitalisation of approximately RM256,415,000. The market capitalisation of the Company was computed based on the issued share capital of the Company of 1,198,200,293 shares of the Company (“**Shares**”) and the volume weighted average price of RM0.214 per Share on 9 September 2024 (being the last day on which the Shares were traded prior to the date of the Agreement).

- (4) Rule 1006(d) of the Listing Rules is not applicable to a disposal of assets.

- (5) Rule 1006(e) of the Listing Rules is not applicable as the Company is not a mineral, oil and gas company.

Based on the ratios computed above, as the relative figures under Rules 1006(a) and 1006(c) of the Listing Rules exceed 20%, the Proposed Joint Development constitutes a “major transaction” under Rule 1014 of the Listing Rules. Accordingly, the Agreement, which results in the Proposed Joint Development arising from the Project, is subject to approval of the shareholders of the Company in a general meeting.

## **9. FINANCIAL EFFECTS OF THE PROJECT**

The Project is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the current financial year ending 28 February 2025.

## **10. FINANCIAL EFFECTS OF THE PROPOSED JOINT DEVELOPMENT**

- 10.1. The financial effects set out below are purely for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Joint Development. No representation is made as to the financial position and/or results of the Group after the completion of the Proposed Joint Development. The financial effects of the Proposed Joint Development on the Group set out below were prepared based on the audited consolidated financial statements of the Group for the financial year ended 29 February 2024 (“**FY2024**”) and subject to the following key assumptions:

- (a) for the purposes of computing the net tangible assets (“**NTA**”) per share of the Group after the Proposed Joint Development, it is assumed that the Proposed Joint Development had been completed on 29 February 2024 (being the end of the most recently audited FY2024);

- (b) for the purposes of computing the earnings per share (“**EPS**”) of the Group after the Proposed Joint Development, it is assumed that the Proposed Joint Development had been completed on 1 March 2023 (being the beginning of the most recently audited FY2024);
- (c) for the purposes of computing the NTA per share and EPS of the Group, it is assumed that all the Entitlement Units of KMSB have been completed and fully sold; and
- (d) the estimated expenses in relation to the Proposed Joint Development of approximately RM20,000,000 (including land cost) are taken into account in calculating the financial effects.

#### 10.2. Effects on NTA per share

<b>As at 29 February 2024</b>	<b>Before the Proposed Joint Development</b>	<b>After the Proposed Joint Development</b>
NTA <sup>(1)</sup> (RM'000)	348,280	411,850
Number of issued shares (excluding treasury shares) ('000)	1,198,200	1,198,200
NTA per share (RM cents)	29.07	34.37

**Note:**

- (1) NTA is computed based on total assets less total liabilities and intangible assets.

#### 10.3. Effects on EPS

<b>For FY2024</b>	<b>Before the Proposed Joint Development</b>	<b>After the Proposed Joint Development</b>
Net profit attributable to shareholders after tax (RM'000)	14,010	77,580
Number of issued shares (excluding treasury shares) ('000)	1,198,200	1,198,200
EPS (RM cents)	1.17	6.47

- 10.4. Based on the latest announced unaudited consolidated financial statements of the Group for 1Q FY2025, the book value of the Land as at 31 May 2024 amounted to approximately RM13,500,000. The excess of the consideration for the Proposed Joint Development (being KMSB’s Entitlement) over the book value of the Land as at 31 May 2024 is approximately RM70,070,000.
- 10.5. Other costs estimated to be incurred for the Proposed Joint Development is approximately RM6,500,000. Accordingly, the consideration for the Proposed Joint Development (being KMSB’s Entitlement) less costs relating to the Proposed Joint Development will amount to a net gain of approximately RM63,570,000.

**11. USE OF PROCEEDS FROM THE PROPOSED JOINT DEVELOPMENT**

The Group intends to utilise the First Payment of RM3,000,000.00 for general working capital purposes of the Group.

The Group's intention for the Entitlement Units is to sell them as inventory to generate revenue and profit to the Group, and the proceeds from the sale of the Entitlement Units are intended to be utilised for general working capital purposes of the Group.

**12. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Agreement, the Project and/or the Proposed Joint Development, other than through their respective shareholding interests in the Company.

**13. SERVICE CONTRACTS**

No person will be appointed as a Director to the Board in connection with the Agreement and the Project and accordingly, no service contracts in relation thereto will be entered into by the Company.

**14. DOCUMENTS FOR INSPECTION**

A copy of the Agreement and the Valuation Letter shall be available for inspection at the Company's registered office at 138 Cecil Street, #12-01A Cecil Court, Singapore 069538 during normal business hours for a period of three (3) months from the date of this announcement.

Shareholders of the Company who wish to inspect these documents at the Company's registered office are required to send an email request to [office@dfi.com.sg](mailto:office@dfi.com.sg) to make an appointment in advance. The inspection of documents will be arranged with each shareholder of the Company to limit the number of people who are present at the registered office at any one time and such arrangements are subject to prevailing regulations, orders, advisories and relevant guidelines from time to time.

**15. EXTRAORDINARY GENERAL MEETING**

An extraordinary general meeting of the Company ("EGM") will be convened to seek approval of the shareholders of the Company for the Agreement, which results in the Proposed Joint Development arising from the Project. The notice of EGM, together with a circular containing further information on the Agreement, the Project and the Proposed Joint Development, will be despatched to shareholders of the Company in due course.

**16. FURTHER ANNOUNCEMENTS**

Further announcements will be released on the Agreement, the Project and/or the Proposed Joint Development as and when there are material developments.

## **17. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Agreement, the Project, the Proposed Joint Development, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## **18. CAUTIONARY STATEMENT**

Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company. There is no certainty or assurance as at the date of this announcement that there will not be changes to the terms and conditions of the Agreement or the Project and/or the Proposed Joint Development will be completed. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisors.

### **By Order of the Board**

Lee Sze Siang  
Executive Director  
10 September 2024