



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

RESPONSE TO SGX QUERIES

The Board of Directors (“**Board**”) of Duty Free International Limited (“**Company**”, together with its subsidiaries, “**Group**”) has on 10 August 2021 received the following queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in relation to its unaudited financial statements for the first quarter ended 31 May 2021 released on 14 July 2021 and sets out its response as follows:

SGX Query 1:

Please explain the material variance in “sundry receivables” disclosed in page 18 of the Financial Statements.

Company’s response:

The variance was mainly due to payments received from debtors in relation to advertising income and reimbursement of trade arrangements eg., logistic costs, warehouse cost, etc. amounting to RM3.6 million.

SGX Query 2:

With regard to the “Due from Berjaya Waterfront Sdn Bhd”, please disclose the Board’s assessment as to the recoverability of the sums owed and the basis for the said assessment.

Company’s response:

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

Berjaya Waterfront Sdn Bhd (“BWSB”) has to-date met its commitment and has paid all the interests due on the amount outstanding since 2014. Furthermore, BWSB is a subsidiary of Berjaya Assets Berhad (“BAB”), a corporation listed on the Bursa Malaysia Securities Berhad;

and the amount outstanding is guaranteed by BAB. The Group has assessed the latest performance and financial position of BWSB and BAB (“counterparties”), adjusted for the future outlook of the industry in which the counterparties operate in. The Group measured the impairment loss allowance using general approach of ECL and determined that the ECL is insignificant.

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

SGX Query 3:

With regard to the deposit in relation to the proposed sale of Kelana Megah Sdn Bhd’s intended lease interests, please provide an update on the fulfillment of the conditions precedent for the same.

Company’s response:

The completion of the proposed sale of Kelana Megah Sdn Bhd’s intended lease interests in the land parcel bearing lot number PTB 20379 is subject to the alienation of the said land by the State Government of Johor and the execution of novation agreement between Kelana Megah Sdn Bhd (“KMSB”), BWSB, City Council of Johor Bahru and the State Government of Johor. The conditions precedent for the proposed sale have not been fulfilled to-date.

SGX Query 4:

Please provide the reason(s) for the significant borrowings of RM 6.5 million when the Company recorded cash and bank balances of RM 203.5 million as at 31 May 2021.

Company’s response:

The borrowings of RM6.5 million as at 31 May 2021 were made up of short-term loan of RM6.4 million and hire purchase financing facility of RM0.1 million. The gearing ratio for the Group as at 31 May 2021 was only 0.018 times. The Group is of the view that the insignificant short-term loan with weighted average effective interest rate of 1.5% per annum (low interest rate) obtained to enhance the Group’s working capital, will allow the Group the flexibility to manage its free cash so as to meet any challenges and/or seize business opportunities that will bring greater value to Company’s shareholders.

SGX Query 5:

Please provide the reason(s) for the significant accounts payables/trade and other payables of RM 42.3 million when the Group recorded a cash and cash equivalent of RM 203.5 million as at 31 May 2021.

Company's response:

The trade and other payables balances as reflected in note 6.2 on page 19 of the unaudited financial statements for the first quarter ended 31 May 2021 amounting to RM42.3 million were made up mainly of payables, accruals and put option liability. As at 31 May 2021, the payables, accruals and put option liability were not yet due for payment as per the respective business arrangements.

By Order of the Board

Lee Sze Siang
Executive Director
12 August 2021