ANNUAL REPORT 2025

LAPORAN TAHUNAN

DUTY FREE INTERNATIONAL LIMITED

(200102393E)

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 groups in Malaysia, has established "The Zon", a premium travel retail brand strategically located across Peninsular Malaysia. A duty free retail specialist with over 46 years of experience, The Zon has extensive presence at all leading entry and exit points, at international airport, seaport, 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.

Duty Free Outlet at Langkawi

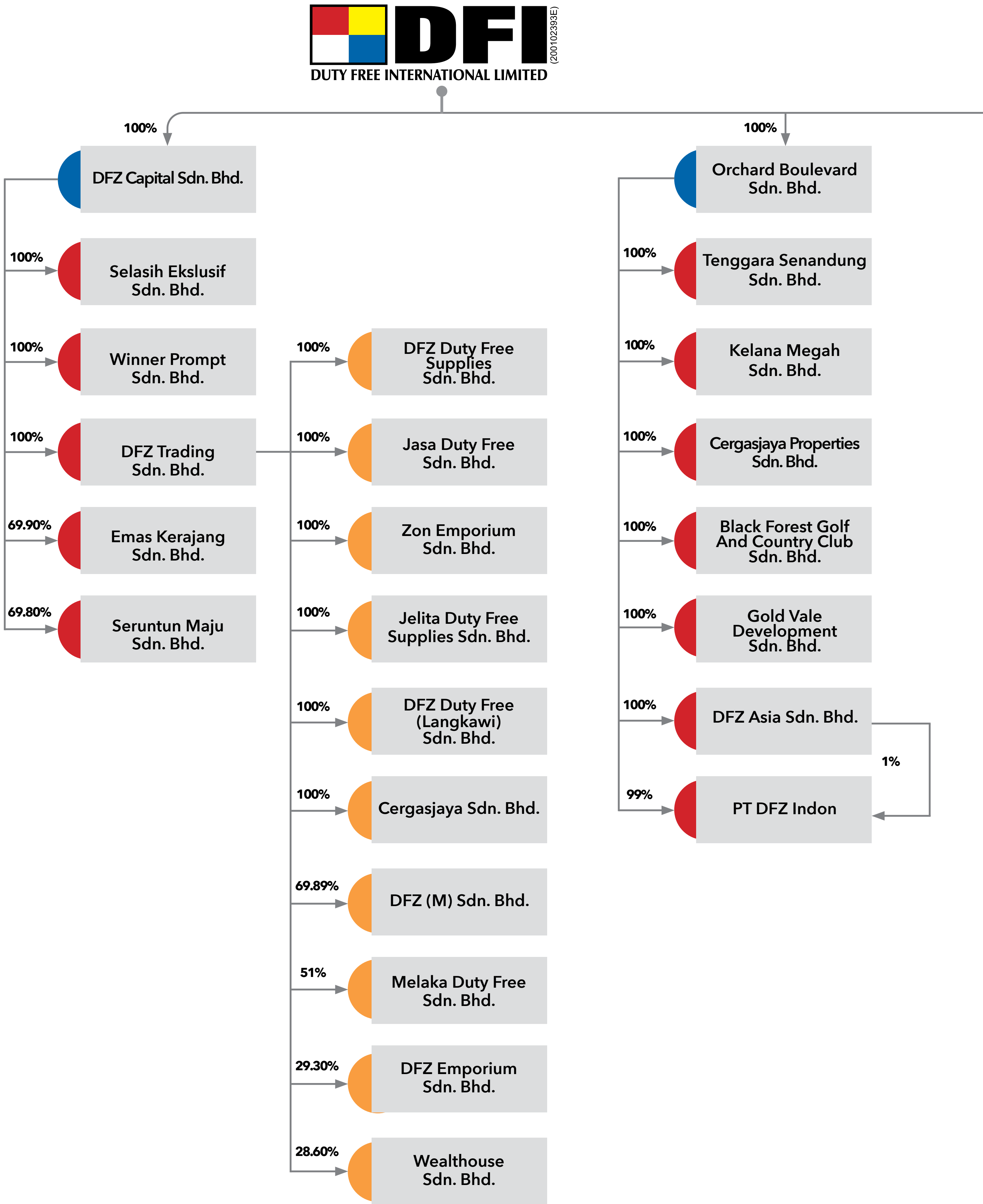
OUR **PRESENCE**

As at 3 June 2025

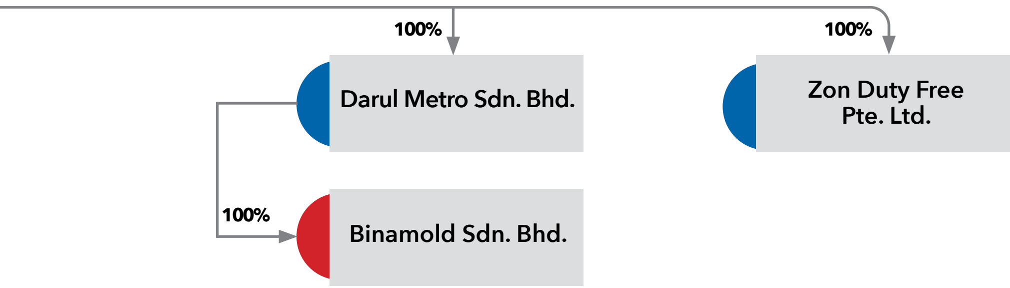
Duty Free Outlet at Langkawi

CORPORATE **STRUCTURE**

As at 3 June 2025



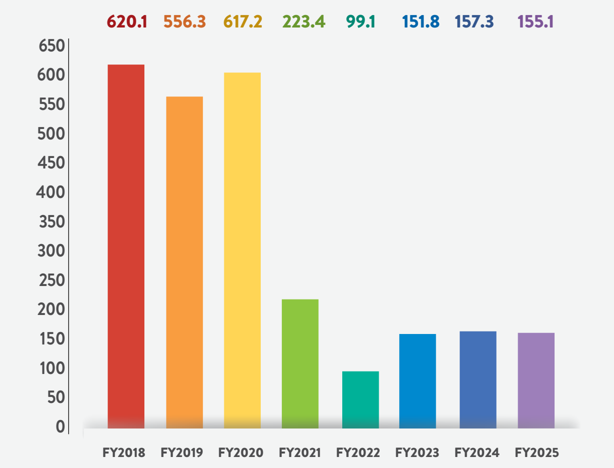
As at 3 June 2025



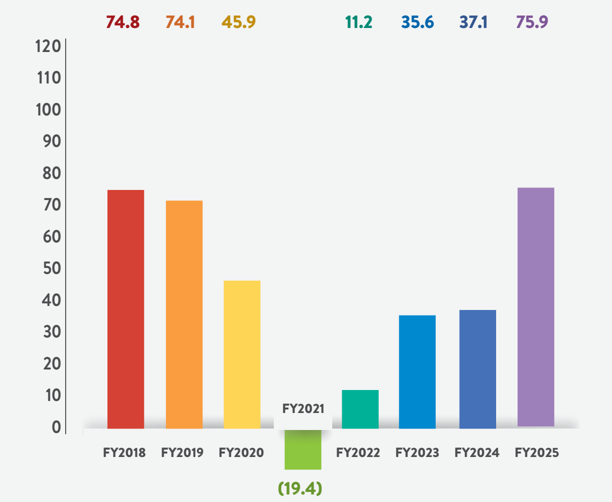
FINANCIAL **HIGHLIGHTS**

Year ended 28/29 February

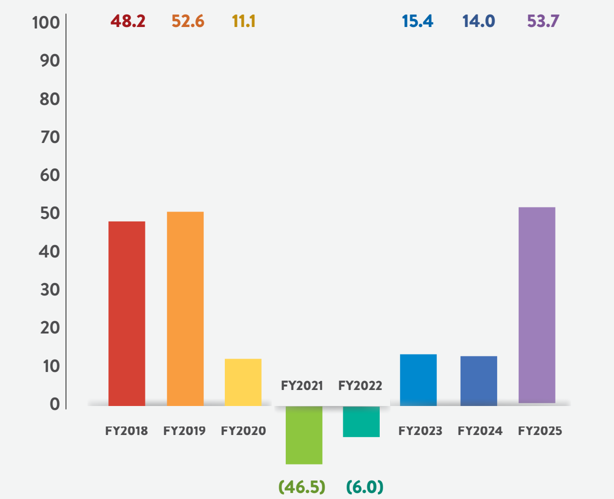
REVENUE (RM'MILLION)



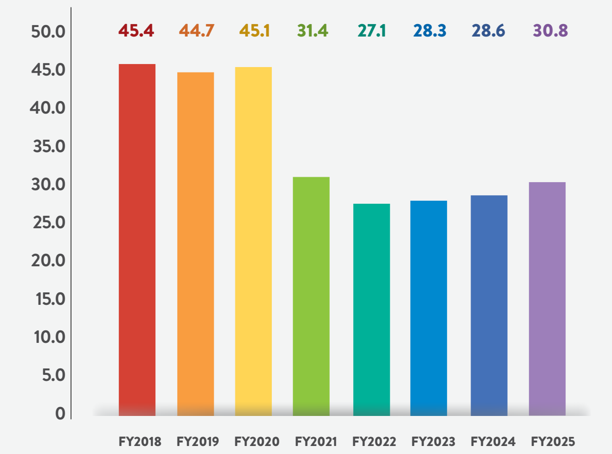
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (BEFORE EXCEPTIONAL ITEMS) (RM'MILLION)



PROFIT AFTER TAX (RM'MILLION)

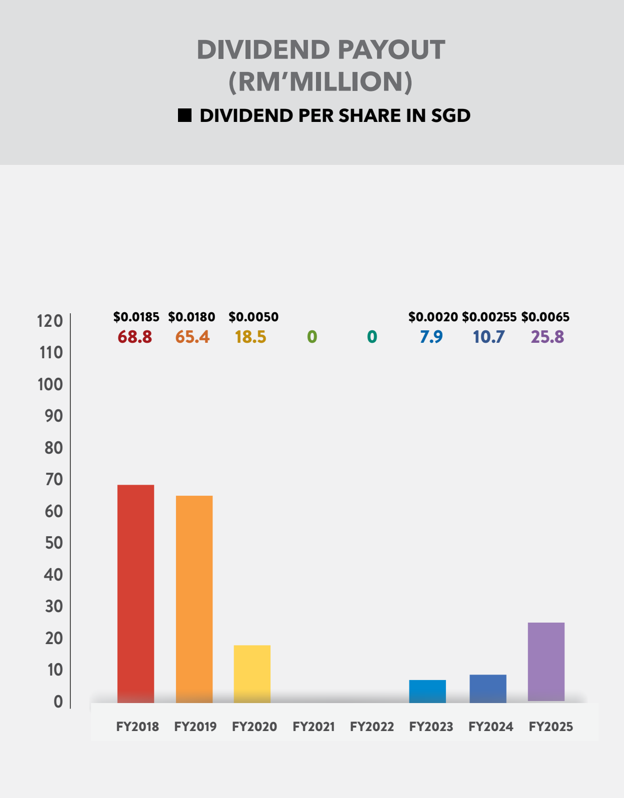


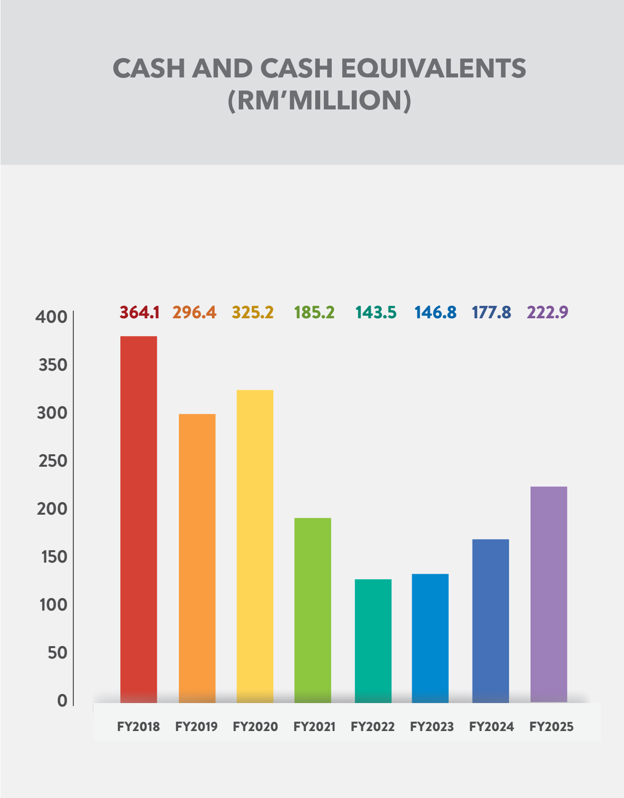
NET TANGIBLE ASSETS PER SHARE (RM SEN)

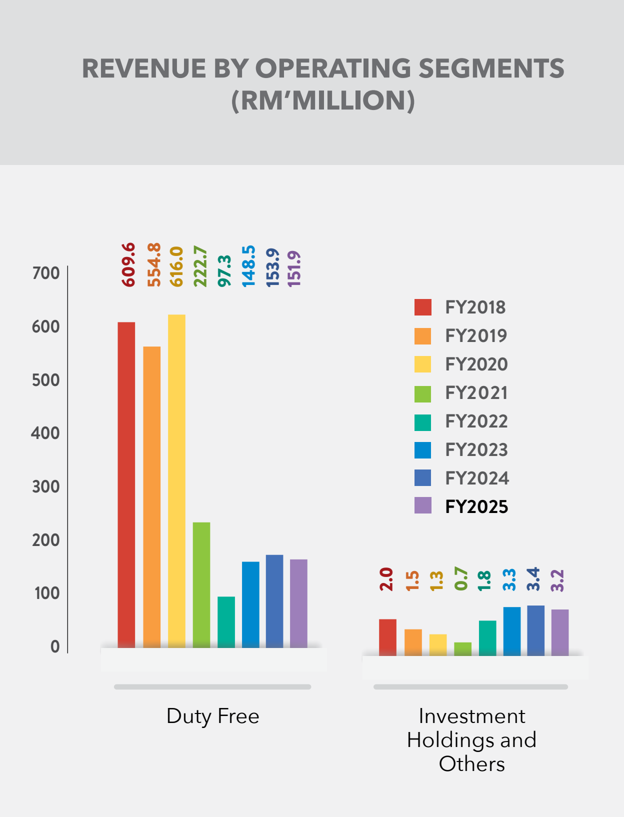


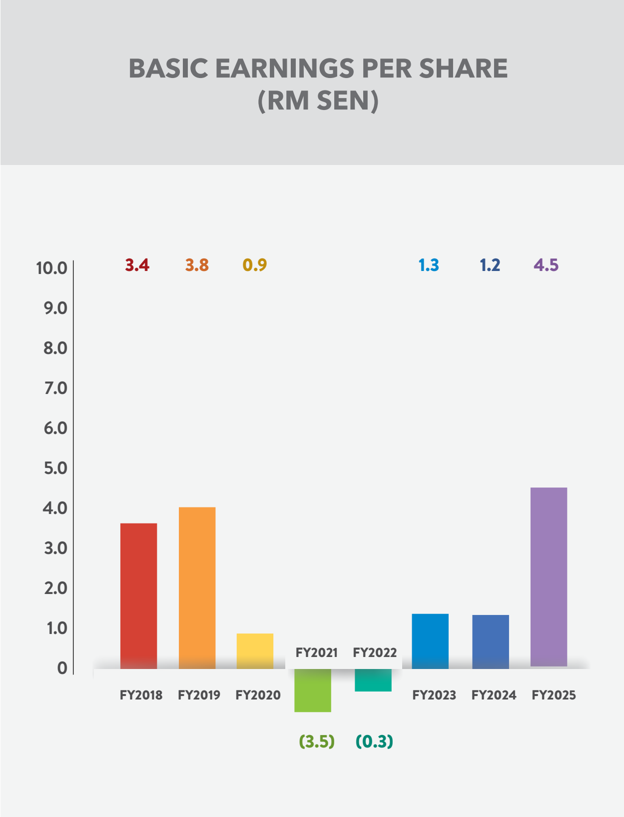
FINANCIAL HIGHLIGHTS

Year ended 28/29 February









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 to you the annual report for the financial year ended 28 February 2025 ("FY2025").

ECONOMIC ENVIRONMENT

The global economy has been significantly affected by ongoing geopolitical tensions, including the Ukraine-Russia conflict, instability in the Middle East, and the potential escalation of trade wars. These developments have fueled inflationary pressures and tightened global financial conditions, prompting central banks across various regions to adopt more restrictive monetary policies. Furthermore, global supply chains have experienced considerable disruptions, contributing to heightened price volatility across goods and services worldwide.

Despite the global challenges, the Malaysian economy maintained its growth momentum in 2024, achieving a 5.1% expansion, following a 3.6% growth in 2023. This performance was driven by sustained domestic demand and a rebound in external trade. Domestically, growth in 2024 was supported by stronger household spending, underpinned by favorable labor market conditions, sound household finances, and supportive government policies. Investment activity also gained traction, buoyed by robust project approvals, progress on multi-year infrastructure initiatives, and key national development programs. Externally, Malaysia benefited from steady global growth, a recovery in the technology sector, and a resurgence in tourism. This contributed to an improved current account surplus of 1.7% of GDP in 2024, compared to 1.5% in the previous year[1].

BUSINESS OVERVIEW

Notwithstanding the challenging business environment in 2024, the Group has successfully entered into a joint development agreement with Chin Hin Property (Stulang) Sdn. Bhd. for the development and construction of serviced apartments on leasehold land in Johor Bahru. This strategic collaboration reflects the Group's continued commitment to driving revenue growth through long-term value creation. The project is expected to generate new income streams while further strengthening the Group's asset portfolio and reinforcing its core business operations.

However, the Group's duty-free operations were significantly affected by the closure of its long-established duty-free complex and car park operations at Bukit Kayu Hitam. This closure was necessitated by the compulsory acquisition of land ("Compulsory Acquisition") at Bukit Kayu Hitam, Kubang Pasu District, Kedah, by the Malaysian Government for a road construction project linking the Bukit Kayu Hitam ICQS Complex in Kedah with the CIQ Sadao facility in Thailand. Although compensation of RM69.6 million was received for the Compulsory Acquisition, the Group is of the opinion that it does not fully reflect the fair commercial value of the property and legal proceedings are currently ongoing under the Land Acquisition Act 1960 of Malaysia to seek higher compensation.

In the face of an evolving operating environment, the Group remains steadfast in its commitment to long-term sustainability. We continue to adopt disciplined strategies aimed at prudent cost management and the preservation of cash reserves measures that are essential to maintaining financial stability. At the same time, we remain focused on safeguarding the well-being of our employees and the communities we serve. Strengthening our capital and liquidity buffers remains a key priority, enabling us to enhance our resilience amid market uncertainties while continuing to deliver sustainable value to our shareholders and stakeholders.

FINANCIAL PERFORMANCE

The Group had performed commendably for FY2025. The Group recorded revenue of RM155.1 million, representing a marginal decline of 1.4%, or RM2.2 million compared to RM157.3 million for the financial year ended 29 February 2024 ("FY2024"). This slight decrease was primarily attributable to the cessation of business operations at Bukit Kayu Hitam, following the compulsory land acquisition by the Malaysia government.

For the financial year under review, the Group achieved a profit before tax of RM57.5 million in FY2025, a significant increase from RM18.0 million in FY2024. This improvement was largely driven by compensation received from the government in relation to the compulsory land acquisition. However, the closure of Duty-Free Complex at Bukit Kayu Hitam also resulted in higher one-off expenses, including the write-off of property, plant and equipment as well as right-of-use assets, professional fees and employment termination costs.

Source:
1 https://www.bnm.gov.my/documents/20124/17523401/emr2024_en_ch1.pdf

Duty Free Outlet at Langkawi

As at 28 February 2025, the Group's financial position remains robust, with net assets amounting to RM374.6 million and cash and bank balances of RM230.4 million, reinforcing its capacity to pursue future opportunities and navigate a changing business landscape.

DIVIDEND

In line with our continued commitment to rewarding shareholders, the Group declared a total dividend of S$0.0065 per share, amounting to a total payout of S$7.8 million (equivalent to approximately RM25.8 million) for FY2025, which were paid out on 8 August 2024 and 7 February 2025, respectively. These payments of dividend translate to a dividend yield of approximately 9.85% based on the closing share price of S$0.066 on 28 February 2025.

OUTLOOK

The Malaysian economy is projected to remain on a steady growth trajectory in 2025, buoyed by continued strength in domestic demand, primarily through continued expansion in private sector spending and investment. The ongoing rollout of government economic plans will continue to add support to the economy, while the recovery of the Malaysian ringgit will lift consumer spending activity. However, risks to growth remain tilted to the downside given current external challenges.[2]

In view of the above, the Group anticipates the business environment in which it operates to remain challenging. However, our ongoing efforts to seek new business opportunities, enhance operational efficiency and expanding our range of products and services position us favourably for sustainable growth and achievement. With our focus on refining strategic planning, resource allocation and cost optimization, the Group is cautiously optimistic that its operations and financial performance will continue to remain resilient moving forward.

APPRECIATION

On behalf of the Board, I would like to convey our sincere appreciation and gratitude to all our valued shareholders, customers, suppliers, business partners and various government agencies for your unwavering and valuable support, cooperation, trust and confidence in the Group throughout the financial year. Additionally, I wish to extend my heartfelt gratitude to our dedicated team of management and employees for their dedication and support in ensuring the Group business sustainability and navigating through the challenging business environment. I would also like to thank my fellow Board members for their continuous dedication, strategic insights and valuable guidance over the years which has contributed to the Group's ability to achieve sustainable financial stability.

Thank You.

Adam Sani Abdullah
Non-Executive Chairman
Duty Free International Limited

Source:
2 https://www.sc.com.my/annual-report-2024/capital-market-review-outlook

PENYATA **PENGERUSI**

PARA PEMEGANG SAHAM YANG DIHORMATI,

Bagi pihak Lembaga Pengarah Duty Free International Limited ("DFI" atau "Syarikat", dan bersama-sama anak-anak syarikatnya dirujuk sebagai "Kumpulan"), saya dengan sukacitanya membentangkan laporan tahunan bagi tahun kewangan berakhir 28 Februari 2025 ("tahun kewangan 2025").

PERSEKITARAN EKONOMI

Ekonomi global telah terjejas dengan ketara berikutan ketegangan geopolitik yang berpanjangan termasuk konflik Ukraine-Rusia, ketidakstabilan di Timur Tengah, serta potensi peningkatan perang perdagangan. Perkembangan ini telah menyumbang kepada tekanan inflasi serta keadaan kewangan global yang semakin ketat, mendorong bank-bank pusat di pelbagai rantau untuk melaksanakan dasar monetari yang lebih berhati-hati. Di samping itu, rantaian bekalan global turut mengalami gangguan ketara yang menyumbang kepada peningkatan ketidakstabilan harga barangan dan perkhidmatan di seluruh dunia.

Meskipun berdepan cabaran global, ekonomi Malaysia berjaya mengekalkan momentum pertumbuhan pada tahun 2024, mencatatkan pertumbuhan sebanyak 5.1%, berbanding 3.6% pada tahun 2023. Pencapaian ini didorong oleh permintaan domestik yang berterusan serta pemulihan dalam perdagangan luar. Di peringkat domestik, pertumbuhan pada tahun 2024 disokong oleh perbelanjaan isi rumah yang kukuh hasil daripada pasaran buruh yang memberangsangkan, kedudukan kewangan isi rumah yang sihat dan sokongan daripada dasar kerajaan. Aktiviti pelaburan juga menunjukkan peningkatan, disokong oleh kelulusan projek yang memberangsangkan, kemajuan projek-projek infrastruktur jangka panjang, serta pelaksanaan program pembangunan nasional utama. Di peringkat antarabangsa, Malaysia mendapat manfaat daripada pertumbuhan global yang stabil, pemulihan dalam sektor teknologi dan kebangkitan semula industri pelancongan. Ini telah menyumbang kepada peningkatan surplus akaun semasa sebanyak 1.7% daripada Keluaran Dalam Negara Kasar pada tahun 2024, berbanding 1.5% pada tahun sebelumnya[1].

TINJAUAN PERNIAGAAN

Walaupun persekitaran perniagaan yang mencabar pada tahun 2024, Kumpulan berjaya memeterai perjanjian pembangunan bersama dengan Chin Hin Property (Stulang) Sdn Bhd bagi pembangunan dan pembinaan pangsapuri servis di atas tanah pajakan di Johor Bahru. Kerjasama strategik ini mencerminkan komitmen berterusan Kumpulan dalam memacu pertumbuhan perolehan melalui penciptaan nilai jangka panjang. Projek ini dijangka menjana aliran pendapatan baharu di samping mengukuhkan lagi portfolio aset Kumpulan serta mengukuhkan operasi teras perniagaan.

Walau bagaimanapun, operasi perniagaan bebas cukai Kumpulan telah terkesan dengan penutupan kompleks bebas cukai dan operasi tempat letak kereta yang telah lama beroperasi di Bukit Kayu Hitam. Penutupan ini berpunca daripada pengambilan tanah secara paksa ("Pengambilan Secara Paksa") oleh Kerajaan Malaysia di Bukit Kayu Hitam, Daerah Kubang Pasu, Kedah bagi projek pembinaan jalan yang menghubungkan Kompleks ICQS Bukit Kayu Hitam di Kedah dengan fasiliti CIQ Sadao di Thailand. Walaupun pampasan sebanyak RM69.6 juta telah diterima bagi pengambilan tersebut, Kumpulan berpendapat bahawa jumlah ini tidak menggambarkan sepenuhnya nilai komersial hartanah tersebut. Justeru itu, prosiding undang-undang sedang berjalan di bawah Akta Pengambilan Tanah 1960 bagi menuntut pampasan yang lebih tinggi.

Dalam menghadapi persekitaran operasi yang terus berkembang, Kumpulan kekal komited terhadap kelestarian jangka panjang. Kami terus melaksanakan strategi berdisiplin yang bertujuan untuk pengurusan kos yang berhemat dan langkah-langkah pemeliharaan rizab tunai bagi mengekalkan kestabilan kewangan. Pada masa yang sama, kami juga terus memberi keutamaan kepada kebajikan pekerja serta komuniti yang kami sokong. Usaha untuk memperkukuhkan modal dan penampan mudah tunai terus menjadi keutamaan bagi meningkatkan daya tahan dalam menghadapi ketidaktentuan pasaran serta terus memberi nilai yang lestari kepada para pemegang saham dan pihak berkepentingan.

PRESTASI KEWANGAN

Kumpulan telah menunjukkan prestasi yang membanggakan bagi tahun kewangan 2025. Kumpulan mencatatkan hasil sebanyak RM155.1 juta, menunjukkan penurunan marginal sebanyak 1.4% atau RM2.2 juta berbanding RM157.3 juta bagi tahun kewangan berakhir 29 Februari 2024 ("tahun kewangan 2024"). Penurunan kecil ini disebabkan terutamanya oleh penutupan operasi perniagaan di Bukit Kayu Hitam susulan pengambilan tanah secara paksa oleh Kerajaan Malaysia.

Bagi tahun kewangan yang dilaporkan ini, Kumpulan mencatatkan keuntungan sebelum cukai sebanyak RM57.5 juta pada tahun kewangan 2025, peningkatan ketara berbanding RM18.0 juta pada tahun kewangan 2024. Peningkatan ini didorong terutamanya oleh pampasan yang diterima daripada

Sumber:
1 *https://www.bnm.gov.my/documents/20124/17523401/emr2024_en_ch1.pdf*

Kerajaan berhubung dengan pengambilan tanah tersebut. Walau bagaimanapun, penutupan Kompleks Bebas Cukai di Bukit Kayu Hitam turut mengakibatkan perbelanjaan sekali sahaja yang lebih tinggi, termasuk pelupusan harta, loji dan peralatan serta aset hak guna, yuran guaman dan kos penamatan pekerjaan.

Setakat 28 Februari 2025, kedudukan kewangan Kumpulan kekal kukuh, dengan aset bersih berjumlah RM374.6 juta dan baki tunai serta bank sebanyak RM230.4 juta, yang memperkukuh keupayaan Kumpulan untuk meneroka peluang baharu serta menavigasi landskap perniagaan yang sentiasa berubah.

DIVIDEN

Selaras dengan komitmen berterusan kami untuk memberikan pulangan kepada para pemegang saham, Kumpulan telah mengisytiharkan jumlah dividen sebanyak S$0.0065 sesaham, bersamaan dengan jumlah keseluruhan sebanyak S$7.8 juta (kira-kira RM25.8 juta) bagi tahun kewangan 2025, yang telah dibayar pada 8 Ogos 2024 dan 7 Februari 2025. Pembayaran dividen ini mewakili hasil dividen sekitar 9.85% berdasarkan harga penutupan saham sebanyak S$0.066 pada 28 Februari 2025.

TINJAUAN DAN HARAPAN

Ekonomi Malaysia dijangka terus berada dalam trajektori pertumbuhan stabil pada tahun 2025, disokong oleh kekuatan berterusan dalam permintaan domestik, terutamanya menerusi perkembangan berterusan dalam perbelanjaan dan pelaburan sektor swasta. Pelaksanaan berterusan pelan ekonomi kerajaan akan terus menyokong ekonomi, manakala pemulihan nilai ringgit Malaysia dijangka merangsang aktiviti perbelanjaan pengguna. Namun begitu, risiko terhadap pertumbuhan kekal condong ke arah kelembapan memandangkan cabaran luaran semasa.[2]

Sehubungan itu, Kumpulan menjangkakan bahawa persekitaran perniagaan akan kekal mencabar. Walau bagaimanapun, usaha berterusan kami dalam meneroka peluang perniagaan baharu, meningkatkan kecekapan operasi dan memperluaskan rangkaian produk dan perkhidmatan meletakkan kami dalam kedudukan yang baik untuk pertumbuhan mampan dan pencapaian berterusan. Dengan bertumpukan kepada penambahbaikan perancangan strategik, peruntukan sumber dan pengoptimuman kos, Kumpulan kekal berhati-hati namun optimistik bahawa operasi dan prestasi kewangannya akan terus berdaya tahan pada masa hadapan.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan setinggi-tinggi penghargaan dan terima kasih kepada semua pemegang saham, pelanggan, pembekal, rakan niaga dan agensi kerajaan yang telah memberikan sokongan, kerjasama, kepercayaan dan keyakinan yang berterusan terhadap Kumpulan sepanjang tahun kewangan ini. Saya juga ingin merakamkan penghargaan yang tulus ikhlas kepada seluruh pasukan pengurusan dan warga kerja kami atas dedikasi serta komitmen dalam memastikan kelangsungan perniagaan dan keupayaan Kumpulan untuk mengharungi persekitaran perniagaan yang mencabar. Tidak dilupakan, saya juga ingin mengucapkan terima kasih kepada rakan-rakan Lembaga Pengarah atas dedikasi, pandangan strategik dan bimbingan yang berterusan, yang telah menyumbang kepada kestabilan kewangan Kumpulan yang lestari.

Terima Kasih.

Adam Sani Abdullah
Pengerusi Bukan Eksekutif
Duty Free International Limited

Sumber:
2 https://www.sc.com.my/annual-report-2024/capital-market-review-outlook

BOARD OF **DIRECTORS**

DATO' SRI ADAM SANI ABDULLAH

(Non-Executive Chairman)

Dato' Sri Adam Sani Abdullah, a Malaysia citizen, is the Non-Executive Chairman of the Board. He is a self-made entrepreneur for more than 45 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.

LEE SZE SIANG

Executive Director
(Finance and Corporate Services)

Lee Sze Siang, a Malaysia citizen, is an 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 obtained a Bachelor of Economics degree from Monash University in 1994 and 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.

CHEW SOO LIN

(Non-Independent Non-Executive Director)

Chew Soo Lin, a Singapore citizen, joined the Board as an Independent Director on 26 August 2011 and subsequently re-designated as Non-Independent Non-Executive Director on 26 June 2024. 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 Kim Hin Joo (Malaysia) Berhad.

JENERAL TAN SRI DATO' SRI ABDULLAH BIN AHMAD @ DOLLAH BIN AMAD (B)
(Lead Independent Director)

Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Ahmad (B), a Malaysia citizen, joined the Board as an Independent Director on 2 May 2024 and subsequently re-designated as Lead Independent Director on 26 June 2024. He graduated from Royal Air Force Staff College in Bracknell, United Kingdom in 1982. He holds Master Degree in International Relations and Strategic Studies from University of Lancaster, United Kingdom. Prior to joining the Group, he was an Independent Non-Executive Director of Atlan Holdings Bhd and also a director of several private companies.

QUEK MENG TECK, DERRICK
(Independent Director)

Quek Meng Teck, Derrick, a Singapore citizen, joined the Board as an Independent Director on 2 May 2024. He holds a Master of Science in Financial Management from the University of London and a Bachelor of Science in Finance and International Management (Magna Cum Laude) from New York University, Leonard Stern School of Business. He has over 20 years of experience spanning financial services, real estate and beverage distribution.

He is the current CEO/Founder of two companies, namely The First Pour Pte. Ltd. and ARK Investment Advisors Pte. Ltd., which are involved in beverage distribution and real estate investment respectively. He is also a director of other privately held real estate linked companies. Prior to the start of his entrepreneurial journey, he was a Director of Investments with Merrill Lynch International Bank (Singapore) and started his career as an Analyst with the External Department of the Monetary Authority of Singapore in 2001.

HASLIN BINTI OSMAN
(Independent Director)

Haslin binti Osman, a Malaysia citizen, joined the Board as an Independent Director on 2 May 2024. She holds a Diploma in Stenography from Institut Teknologi MARA (now known as Universiti Teknologi MARA) and has more than 10 years of experience in the human capital management in banking sector until her retirement in 2022. From year 1982 to 2011, she worked as a confidential secretary in several private companies.

KEY MANAGEMENT TEAM

LEE SZE SIANG

Executive Director (Finance and Corporate Services)

Lee Sze Siang, a Malaysia citizen, is an 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 Lee Sze Siang set out in the section entitled "Board of Directors" of this Annual Report for more information.

TNEH SHU HOAY

Financial Controller

Tneh Shu Hoay, a Malaysia citizen, is the Financial Controller of the Group. She joined the Group as Assistant Financial Controller on November 2022 and subsequently was promoted to the position as Financial Controller on 9 May 2024. She is responsible for overseeing the functions of the finance department.

STUART SAW TEIK SIEW

Assistant General Manager – Group Merchandising

Stuart Saw Teik Siew, a Malaysia 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.

TEE LAY YEN

Senior Manager - Human Resources

Tee Lay Yen, a Malaysia 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 workforce planning, execution of recruitment and retention strategies, training & 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.

NG CHUN HOW

Group Manager – Administration & Logistics

Ng Chun How, a Malaysia citizen, is the Group Manager - Administration & Logistics of the Group. He joined the Group in year 1997 and is responsible for the Group's administration and logistics.

CORPORATE **INFORMARTION**

BOARD OF DIRECTORS

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

Lee Sze Siang
(Executive Director)

Chew Soo Lin
(Non-Independent Non-Executive Director)

Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B)
(Lead Independent Director)

Quek Meng Teck, Derrick
(Independent Director)

Haslin binti Osman
(Independent Director)

AUDIT COMMITTEE

Quek Meng Teck, Derrick *(Chairman)*
Chew Soo Lin
Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B)
Haslin binti Osman

NOMINATING COMMITTEE

Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) *(Chairman)*
Dato' Sri Adam Sani bin Abdullah
Quek Meng Teck, Derrick

REMUNERATION COMMITTEE

Haslin binti Osman *(Chairman)*
Dato' Sri Adam Sani bin Abdullah
Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B)

COMPANY SECRETARY

Thum Sook Fun

REGISTERED OFFICE

138 Cecil Street
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Singapore 069538
Tel No : (65) 6534 0181
Fax No : (65) 6725 0522

SHARE REGISTRAR

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Singapore 098632

AUDITORS

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

PARTNER-IN-CHARGE

Hah Yanying
(With effect from financial year ended 29 February 2024)

PRINCIPAL BANKERS

Affin Bank Berhad
Alliance Bank Malaysia Berhad
Bank of China (Malaysia) Berhad
Citibank Berhad
CIMB Bank Berhad
Deutsche Bank AG
Malayan Banking Berhad
United Oversea Bank Limited

Duty Free Outlet at Langkawi

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 our eighth annual Sustainability Report for the financial year ended 28 February 2025 ("FY2025").

At Duty Free International Limited ("DFI"), we continually evolve our sustainability approach in response to the significant changes shaping the retail and travel landscape. As Malaysia's leading homegrown duty-free retailing group, we acknowledge our responsibility to creste value for shareholders, employees, customers, communities and the environment.

Strong governance remains the foundation of our sustainability strategy. During the year, we made further progress in aligning our disclosures with ISSB's IFRS S1 and S2 standards, building upon our previous integration of the Task Force on Climate-related Financial Disclosures ("TCFD"). These frameworks help us to better understand, assess and communicate the sustainability-related risks and opportunities that could influence long-term enterprise value. They also support seamless integration between sustainability performance and financial resilience. In addition, our materiality assessment was refined through a double materiality lens, considering both stakeholder concerns and financial implications.

FY2025 Sustainability Report showcases enhanced metrics, more structured disclosures and greater alignment with global best practices. The introduction of targets, expansion of Greenhouse Gas ("GHG") disclosures and marked movement toward ISSB alignment reflect the maturation of our sustainability approach. This approach lets stakeholders track our progress transparently and engage more effectively with the sustainability initiatives supporting our business.

The enhancement underscores our ongoing commitment to advancing sustainability practices and aligning with internationally recognised standards. Continuously tracking our sustainability initiatives strengthens our ability to meet evolving regulatory requirements and stakeholder expectations. These efforts also reinforce our corporate governance framework and contribute to the long-term resilience and sustainable growth of the Group.

The Board would like to extend its sincere appreciation to all our business partners, customers, employees, shareholders and other stakeholders who continue contributing to our journey. Your collaboration and commitment make our progress possible. We remain determined to raise our ambition, enhance our accountability and deliver a more resilient and responsible future for all.

On behalf of the Board of Directors
Lee Sze Siang
Executive Director

ABOUT THIS SUSTAINABILITY REPORT

Welcome to DFI's Sustainability Report for the financial year ended 28 February 2025 ("FY2025"). This report showcases DFI's ongoing commitment to creating long-term value by integrating Environmental, Social and Governance ("ESG") principles into its operations.

Sustainability is a core element of DFI's strategy. This report illustrates how the Group continues to create a meaningful impact in the rapidly changing travel retail sectors. Sustainability and ESG are not just guidelines but key drivers of value creation. The Group is committed to integrating these principles into every aspect of its business, embedding responsible practices in decision-making at all levels.

By aligning operations with ESG priorities, DFI seeks to deliver long-term value to stakeholders while positively contributing to society and the environment. This holistic approach helps the Group achieve business success and its sustainability goals in tandem.

This report outlines DFI's sustainability initiatives, achievements and forward-looking plans, demonstrating how the Group is establishing itself as a leader in sustainable duty-free retail. Stakeholders can read this report alongside other section of this Annual Report 2025 to better understand DFI's sustainability journey. Together, these reports provide a well-rounded perspective of the Group's sustainability strategy and commitment to driving long-term value for all stakeholders.

WHO WE ARE

DFI is Malaysia's largest locally owned duty-free retail group, strategically located at key entry and exit points across Peninsular Malaysia, including airports, seaports, downtown areas, border towns and popular tourist destinations. The Group operates duty-free and duty-paid retail outlets across various regions.

Committed to excellence, DFI ensures travellers enjoy an unparalleled duty-free shopping experience, exceeding expectations with exceptional customer service and seamless retail execution. The Group offers a diverse selection of premium international brands featuring imported duty-free beverages, tobacco products, chocolates, confectionery, perfumes, cosmetics and souvenirs.

REPORTING FRAMEWORK

DFI has aligned this report with local and international reporting standards to maintain transparency and uphold global best practices. The Group's disclosures follow the:

- Global Reporting Initiative ("GRI") Universal Standards
- Sustainability Reporting Guide in Practice Note 7.6 by the Singapore Exchange

As part of its climate strategy, DFI has expanded its climate-related disclosures to align with the recommendations of the TCFD and the requirements of the Singapore Exchange Limited ("SGX"). This step reflects DFI's proactive approach to integrating climate considerations into its long-term business planning and ensuring that the Group's strategies are resilient to climate risks.

DFI is also fully committed to supporting the 2030 Agenda for Sustainable Development and actively works towards achieving the 17 Sustainable Development Goals ("UNSDGs"). These goals provide a framework for DFI's efforts to create positive environmental, social and economic outcomes across the globe.

REPORTING SCOPE AND BOUNDARIES

This report covers the activities of DFI and its subsidiaries where the Group holds managerial control, as outlined in the Corporate Structure section of the DFI Annual Report 2025. It encompasses all material operations that affect the Group's performance, with consolidated data included where possible.

REPORTING PERIOD

The reporting period for this report spans from 1 March 2024 to 28 February 2025, with pertinent historical performance data included where relevant. DFI publishes this Sustainability Report annually, with the most recent edition released on 1 June 2024.

ACCURACY AND RELIABILITY

DFI recognises the importance of external assurance in providing stakeholders with transparent and reliable data. DFI has implemented internal data monitoring and verification processes to validate all information, including sustainability-related figures, statements and claims within this report. The report has been carefully reviewed and validated by internal auditors before being submitted for approval by the Board of Directors.

FEEDBACK

Stakeholder feedback drives our progress and enhances performance improvement throughout our sustainability journey. DFI welcomes any feedback, inquiries, suggestions or concerns and can be reached at office@dfi.com.sg. Your input is highly valued and will help guide the Group's future efforts.

Our Milestones

Environment	•Total energy consumed was reduced by 8% •Total water consumed decreased by 35% •GHG emission intensity decreased by 3%
Social	•Equal employment opportunity for both man and women 54% : 46% •11 hours of average training per employee •Zero injuries and fatalities •RM19.9 million distributed as employee wages and benefits
Governance	•Zero corruption and bribery cases were reported •Zero non-compliance with local laws •67% of products procured locally

ELEVATING SUSTAINABILITY IN TRAVEL AND RETAIL EXPERIENCES

Sustainability can be effectively embedded into the duty-free retail business, even though DFI and other retailers do not directly manufacture or produce products. As a key player in the retail value chain, DFI's influence lies in how it curates, presents and manages the products it offers and the processes it follows in its day-to-day operations.

DFI has integrated sustainability across multiple touchpoints, from product sourcing and packaging to store operations and customer service. As consumer expectations evolve, DFI continues to adapt its sustainability strategy, ensuring it stays ahead of industry trends. By consistently refining its processes and exploring new sustainable initiatives, DFI is well-positioned to meet the growing demand for ethical business practices while contributing to a more sustainable and responsible duty-free retail environment.

Duty Free Outlet at Pantai Cenang, Langkawi

Our Sustainability Framework

DFI developed its inaugural sustainability framework through concentrated effort and collaboration to ensure the effective implementation of sustainability strategies. It establishes a systematic structure facilitating ESG assimilation into daily operations, helping the Group achieve its sustainability ambitions. The sustainability framework focuses on the ESG pillars aligned with the UNSDGs. This framework strengthens strategies and enables DFI to refine and optimise its ESG practices to ensure sustainable business development.

Our Core Values		
Customer satisfaction	Economic Performance & Growth	Integrity and Accountability
Inclusive and Dynamic Workplace	Community Empowerment	Carbon Neutrality

Our Sustainability Pillars		
Environment	Social	Governance

Our Material ESG Factors

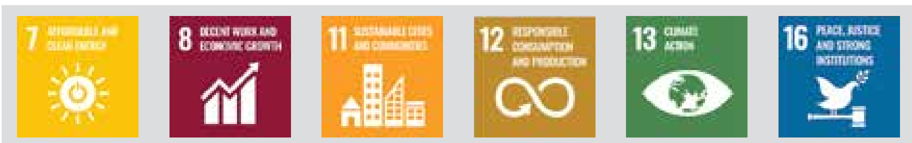
- Energy Consumption & GHG Emissions
- Water Management
- Waste Management

- Occupational Safety & Health
- Talent Management & Development
- Human Capital Management & Diversity
- Product Quality & Customer Satisfaction
- Community Enrichment

- Corporate Governance & Regulatory Compliance
- Economic Performance
- Sustainable Supply Chain

Our Stakeholders		
Shareholders and Investors	Customers	Suppliers and Financiers
Government and Regulatory Authorities	Employees	Communities

Our Sustainability Commitments



Our Alignments

SUSTAINABILITY GOVERNANCE

The Board of Directors leads DFI's sustainability governance and is ultimately responsible for overseeing and guiding its ESG strategy. The Board sets the direction and refines policies, guidelines and strategies, ensuring that sustainability initiatives align with the Group's overall objectives.

The Sustainability Working Group ("SWG") assists the Board in executing the sustainability strategy by managing day-to-day initiatives. The SWG aligns core business functions with sustainability targets, meets deadlines and addresses emerging risks. The Board regularly receives updates on progress, reviews plans, refines strategies and sets new targets to drive continuous improvement in sustainability efforts.

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 overall sustainability-related business strategies

Executive Director

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

Sustainability Working Group

- Monitors and manages the implementation of sustainability across the Group
- Facilitates and assists sustainability processes among critical business functions
- Reports on the performance and progress of sustainability processes and controls

Key Business Functions

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

SUSTAINABILITY RISK MANAGEMENT

DFI integrates sustainability risks into its Risk Management System, addressing financial and non-financial aspects. This approach ensures that sustainability and climate-related risks receive the same level of management as corporate, financial and operational risks, which aligns with industry best practices.

The Risk Management team identifies and monitors sustainability risks, including climate change, resource scarcity and regulatory changes. Designated risk owners are responsible for mitigation. DFI regularly reviews its risk appetite, incorporating sustainability factors to maintain resilience in a changing landscape.

The Board oversees the integration of sustainability risks into the broader risk management strategy, ensuring continuous evaluation and action. DFI aligns its climate risk reporting with the TCFD to promote transparency. For further details on DFI's risk management framework and the roles of the Board and Committees, please refer to pages 82 to 88 of this Annual Report 2025.

DFI STRATEGIC OBJECTIVES

Our Shoppers	• Provide an exceptional shopping experience by offering a curated selection of both local and imported products at competitive prices, ensuring customer satisfaction and loyalty.
Our People	• Foster a supportive and inclusive work environment that promotes employee satisfaction, engagement and long-term loyalty.
Our Business	• Maintain the highest standards of integrity and ethics in all aspects of operations, ensuring compliance with relevant laws and regulations at key entry and exit points, including airports, seaports, downtown areas, border towns and popular tourist destinations.
Our Environment	• Implement robust measures to minimise the environmental footprint of our supply chain by optimising resource consumption and ensuring responsible waste management practices.
Our Community	• Build and nurture strong relationships with local communities, contributing to their well-being and supporting sustainable development initiatives.

CORPORATE GOVERNANCE AND REGULATORY COMPLIANCE

DFI's approach to governance, strategy and performance metrics underscores its commitment to implementing clear, actionable strategies and maintaining robust risk management practices. By proactively monitoring regulatory changes and adopting effective compliance measures, DFI safeguards its reputation, mitigates potential risks and ensures smooth, compliant operations across all retail locations. This proactive stance allows DFI to stay ahead of challenges and drive sustainable, responsible growth.

Governance	DFI upholds exemplary governance practices to ensure compliance with local and international regulations in its duty-free retail operations. The Group proactively monitors and adapts to regulatory changes at key entry and exit points, such as airports and seaports, ensuring its operations remain agile and compliant. By embedding regulatory oversight into its core operations, including product sourcing, sales and customer interactions, DFI reinforces its commitment to ethical practices, safeguarding its reputation as a trusted leader in the retail sector.
Strategy	In line with its forward-thinking approach, DFI meticulously tracks and responds to evolving regulatory frameworks, including tax laws, customs regulations and product safety standards that shape the duty-free retail landscape. The Group's ability to rapidly adapt to these regulatory shifts preserves its business integrity, customer trust and compliance with industry-leading standards, positioning DFI as a model of responsible retail leadership.
Risk	DFI recognises non-compliance risks, including potential penalties, fines and reputational damage. The Group prioritises compliance management as a key strategic objective, mitigating these risks and fostering robust, transparent relationships with regulatory authorities, business partners and customers. This commitment enables DFI to maintain seamless operations and uphold the highest standards of business conduct.
Metrics/Targets	To effectively manage risks and ensure continued adherence to legal and ethical standards, DFI has established clear, measurable targets: • Zero incidents of corruption, bribery or whistleblowing cases – DFI is committed to maintaining transparency, integrity and accountability across all aspects of its operations. • Zero incidents of non-compliance with laws and regulations – DFI ensures full compliance with all relevant customs, tax and product regulations, safeguarding its operations and reputation

ETHICAL BUSINESS CONDUCT

DFI Group embeds integrity into every aspect of its operations, ensuring it maintains ethical conduct across all levels of the business. Key elements of DFI's approach include:

- Governance Framework: The Code of Conduct, Anti-Corruption Procedures and Whistleblowing Policy contain clearly defined policies that govern charitable contributions, sponsorships, gifts and entertainment expenses.
- Ethical Guidelines for All Stakeholders: These policies apply to employees, business partners, suppliers, contractors and agents, promoting a unified commitment to ethical behaviour.
- Employee Engagement: Every employee receives a personal copy of the Code of Conduct, reinforcing their ethical responsibility from day one.

PROACTIVE RISK MITIGATION

DFI Group takes proactive steps to mitigate ethical and compliance risks, including:

- Due Diligence for External Partners: The Group ensures all partners align with its integrity standards, minimising risks across the value chain.
- Audit Reviews: The Group conducts regular, structured audits to assess adherence to ethical principles, policies and local regulations, focusing on financial management, corporate governance and supply chain oversight.
- Audit Process: The Group conducts systematic reviews across departments, focusing on high-risk areas such as corporate governance and capital expenditures, while identifying opportunities for improvement.

CONTINUOUS EDUCATION AND TRAINING

DFI Group fosters a culture of ethical behaviour through continuous education. All employees receive training toilered to their roles, including:

- Anti-Bribery & Anti-Corruption Training: New hires undergo dedicated onboarding sessions to ensure alignment with corporate values.
- Leadership Training: Leadership team members participate in in-house sessions emphasising strategic compliance, particularly concerning the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act").

BOARD OVERSIGHT

The Board of Directors regularly reviews compliance matters to ensure transparency and accountability in all operations. This oversight helps maintain DFI Group's commitment to:

- Transparency: Regular updates on compliance issues
- Corrective Action: Swift intervention when necessary to uphold high standards

These measures place ethical conduct at the core of DFI Group's operations, enhancing its reputation and building long-term stakeholder trust.

WHISTLEBLOWING

DFI Group upholds a strong culture of integrity by maintaining confidential channels for stakeholders to report misconduct. The Group ensures transparency and trust through the following:

- Whistleblowing Policy: Clearly communicated to all employees and business partners, with strict non-retaliation protection for those who report in good faith.
- Reporting Mechanism: Directs concerns related to fraud, corruption or ethical breaches to the Audit Committee. The Committee assesses all reports based on severity, reliability and credibility.

By implementing these practices, DFI Group reinforces its commitment to ethical business conduct and accountability at every level. DFI received no complaints or grievances during the financial year ended 28 February 2025.

Retail Outlet at Senai International Airport, Johor Bahru

CONNECTION BEYOND BOUNDARIES: ENGAGING OUR STAKEHOLDER UNIVERSE

DFI Group actively engages with its stakeholders to navigate the dynamic duty-free retail landscape. The Group prioritises transparency and proactively responds to the interests and concerns of its stakeholders, including customers, regulators, employees, suppliers, investors, financiers and local communities. By engaging through surveys, feedback channels and consultations, DFI ensures that stakeholder insights shape its operations, policies and long-term goals.

Engagement Process:

- DFI maintains proactive communication with stakeholders, gathering feedback and insights through surveys, consultations and direct feedback channels. This approach enables the Group to identify and address emerging issues and opportunities quickly.

Materiality and Value Creation:

- DFI incorporates stakeholder insights directly into its decision-making processes, ensuring it prioritises material issues. This approach strengthens its customer-centric strategies, enhances operational performance and adapts to evolving regulatory and societal expectations.

Strengthening Long-Term Relationships:

- DFI responds to customer feedback by developing innovative solutions and ensuring its offerings meet market demands, building investor confidence through active engagement and alignment with shareholder expectations and demonstrates its commitment to social and economic growth by positively contributing to local communities.

Ongoing Dialogue and Accountability:

- DFI integrates stakeholder feedback into its strategic planning, building long-term, transparent relationships. This process ensures the Group remains resilient and well-positioned to navigate challenges, supporting its business goals and the broader industry's success.

Stakeholder Group	Engagement platforms	Frequency	Interests and Key Concerns	Our Response
Customers	• Corporate website • Feedback forms • Social media • Loyalty programme	• Continuously • Continuously • Continuously • Continuously	• Quality of products and services • Product prices and promotions • Creating a delightful shopping experience	• Ensuring high customer satisfaction through stringent quality control in terms of product range, services, price, presentation and after-sales service • Training floor employees to deliver optimal customer experience
Employees	• Annual performance review • Intranet portal • Email communications • Internal meetings	• Annually • Continuously • Continuously • As needed	• Work-life balance and welfare • Career progression and training • Benefits and rewards • Workplace safety	• Establishing a robust learning and development strategy • Enhancing the recognition and retention plan • Delivering regular training for employees of all levels • Conducting health and well-being programmes
Board of Directors	• Board meetings • Email communications	• Quarterly and Annually • As needed	• Regulatory compliance • Economic performance • Corporate governance and risk review	• Presenting regular updates during quarterly board meetings • Transparent reporting on updates and developments
Government and regulators	• Formal meetings • Dialogues	• As needed • As needed	• Regulatory compliance • Economic performance • Societal welfare	• Ensuring strict compliance with all applicable national and international regulations relevant to operations
Investors	• Media release • Website investor relations section • SGX announcements • Dialogues • Annual Reports	• As needed • As needed • Quarterly/as needed • As needed • Annually	• Regulatory compliance • Financial performance • New developments of the Group • Return on investment and dividend distribution	• Consistent interaction through Annual General Meetings, conference calls and in-person meetings • Responding to financial and ESG-related questionnaires and surveys
Suppliers	• Meetings and dialogues • Email communications • Trade fairs and events	• As needed • Continuously • Annually	• Responsible and sustainable practices throughout the supply chain • Fair and transparent procurement • Capacity building	• Engaging continuously with suppliers to understand their needs and ensure long-term business relations

Stakeholder Group	Engagement platforms	Frequency	Interests and Key Concerns	Our Response
Financiers	• Financial reports • Regular meetings	• Annually • As needed	• Compliance with financiers' terms and conditions • Timely and regular updates on financial performance, business strategy and additional investor requirements	• Consistent interaction through in-person meetings andconference calls.
Local communities	• Donations and philanthropic activities • Community investments	• Throughout the year	• Supporting local communities in social, environmental and capacity development • Fostering collaborative partnerships	• Interacting with organisations and communities • Developing holistic and impactful community programmes

DFI MATERIALITY BLUEPRINT: ALIGNING FOR IMPACT WITH DOUBLE MATERIALITY

DFI prioritises and aligns business and stakeholder interests to create a balanced approach that addresses operational goals and sustainability targets. The Group assesses the material aspects of its operations from stakeholder perspectives and the potential financial and ESG impacts on the business. This approach ensures alignment between DFI's strategies and stakeholder expectations while managing the risks and opportunities tied to its sustainability efforts.

The materiality matters were updated to better reflect DFI Group's current business priorities, stakeholder expectations and regulatory developments. While many core themes remain consistent, certain matters were redefined or consolidated to improve clarity and alignment with global sustainability frameworks. For example, emphasis was placed on integrating energy and emissions under a single topic, and refining workforce-related matters to highlight diversity and talent development. These updates ensure that the materiality assessment remains relevant, forward-looking and aligned with the Group's strategic focus areas.

In the last quarter of FY2025, DFI engaged an external consultant to gather impartial feedback from key stakeholder groups and assess essential aspects of its sustainability initiatives. The survey asked stakeholders to rate the importance of 18 sustainability areas on a scale from 'very unimportant' (1) to 'very important' (5), with a neutral option at (3). This survey ensured that DFI addressed the most pertinent concerns for its stakeholders while aligning with its strategic objectives.

The Board of Directors rated the same sustainability indicators from ESG and financial perspectives to incorporate double materiality. This dual approach allowed DFI to evaluate sustainability initiatives based on their impact on operations, potential economic consequences and broader environmental and social effects.

By mapping out these impacts, DFI comprehensively understands material issues and aligns its long-term sustainability and value-creation strategies.

Stakeholders Invited to Complete the Materiality Assessment

- Customers
- Employees
- Suppliers
- Local Communities
- Financiers
- Investors
- Government, Regulators, Certification Bodies and Other Formal Organisations
- Media

CREATING A GLOBAL IMPACT THROUGH MATERIALITY

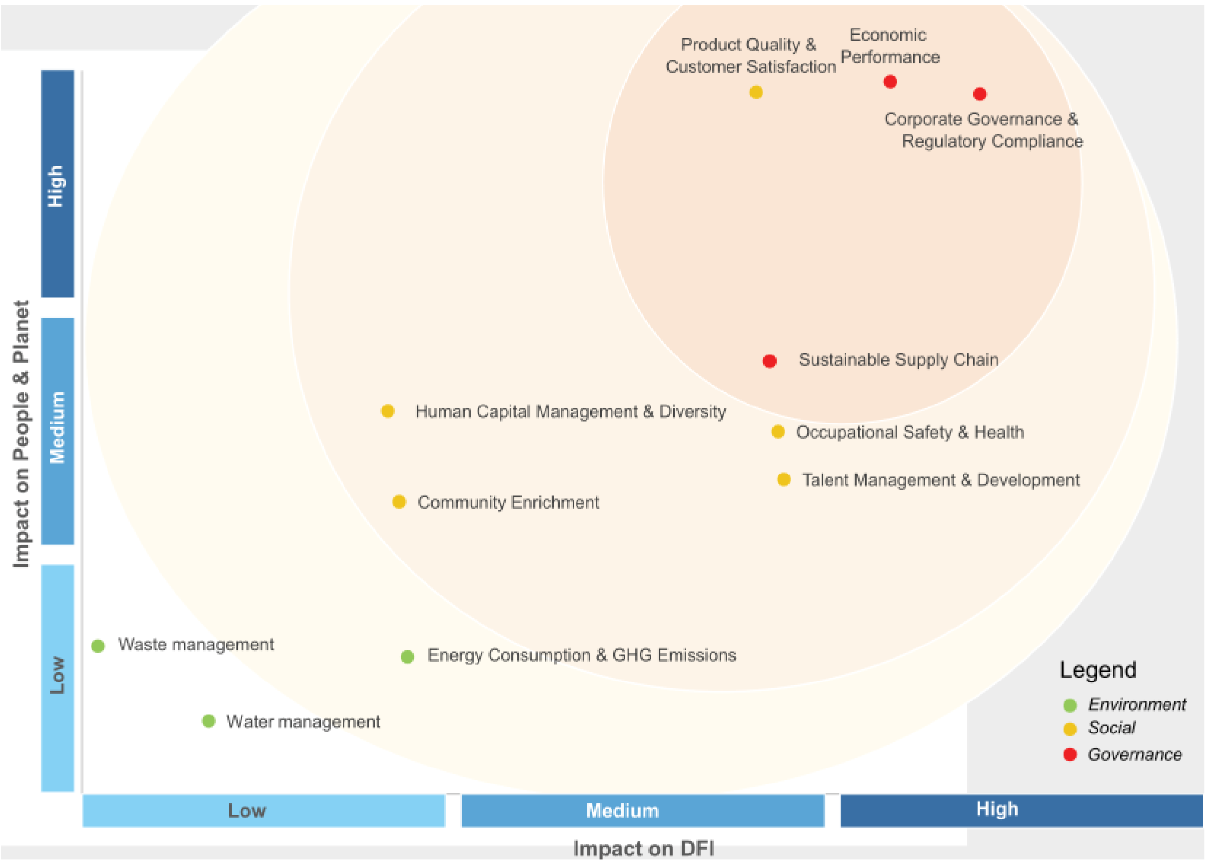
A thorough mapping process aligned DFI's materiality considerations with the UNSDGs by correlating the identified material aspects in operations with the corresponding UNSDGs. This mapping illustrated how the Group's strategic priorities and sustainability initiatives contribute to the global agenda outlined by the United Nations.

Material Matter	Objectives and Targets	Stakeholders	Alignment to UNSDGs
Environment			
Energy Consumption & GHG Emissions	Consuming energy efficiently and moving towards a more energy-efficient, renewable future	• Shareholders and Investors • Government and Regulatory Authorities • Employees	7, 8, 12, 13
Water Management	Assessing DFI's strategies for responsible water use, including reducing consumption, improving efficiency and ensuring sustainable practices in water-stressed areas.	• Government and Regulatory Authorities • Employees • Suppliers	6, 12, 14
Waste Management	Measuring DFI's initiatives for reducing, reusing and recycling waste, including handling hazardous materials responsibly and minimising landfill contributions.	• Government and Regulatory Authorities • Employees • Suppliers	14, 15

Material Matter	Objectives and Targets	Stakeholders	Alignment to UNSDGs
Social			
Occupational Safety & Health	Evaluating DFI's commitment to maintaining a safe and healthy workplace, minimising risks and promoting employee well-being.	• Employees • Government and Regulatory Authorities	3, 8, 16
Talent Management & Development	Focusing on DFI's efforts to attract, retain and develop employees through training, career growth opportunities and skill enhancement.	• Employees • Shareholders and Investors	3, 8, 16
Human Capital Management & Diversity	Reviewing DFI's initiatives to promote inclusivity, equal opportunities and diverse representation within its workforce.	• Employees • Government and Regulatory Authorities	5, 8, 10
Product Quality & Customer Satisfaction	Assessing DFI's dedication to providing high-quality products and services while meeting customer needs and expectations.	• Customers • Employees	9, 12
Community Enrichment	Evaluating DFI's contributions to local communities through philanthropic initiatives, partnerships and programmes that address social challenges and enhance quality of life.	• Customers • Employees • Local communities	1, 3, 5, 8, 9
Governance			
Corporate Governance & Regulatory Compliance	Examining DFI's adherence to legal and ethical standards, decision-making transparency and integrity in governance structures.	• Shareholders and Investors • Government and Regulatory Authorities	16, 17
Economic Performance	Reviewing DFI's financial resilience, profitability and ability to generate long-term value for stakeholders.	• Shareholders and Investors	8, 9
Sustainable Supply Chain	Assessing DFI's collaboration with suppliers to uphold ethical, environmental and social standards throughout the supply chain.	• Suppliers • Government and Regulatory Authorities	8

Materiality Matrix

The matrix below illustrates DFI's latest materiality assessment, plotting sustainability topics by their significance to stakeholders and potential impact on the organisation. The vertical axis represents stakeholder perspectives on ESG effects, while the horizontal axis reflects the Board's evaluation of each topic's financial and ESG implications. Topics in the upper-right quadrant are considered most material and will inform DFI's strategic priorities, sustainability initiatives and risk oversight.



ECONOMIC VALUE CREATION

Duty Free Outlet at Pantai Cenang, Langkawi

Our Management Approach

DFI Group's approach to economic value creation is grounded in responsible business practices and sustainable growth, enhancing the shopping experience for travellers and tourists at key destinations. The Group drives long-term revenue, creates employment opportunities and builds strong supplier partnerships while adhering to sustainable principles and responsible financial stewardship. Committed to high standards of corporate governance, professionalism and integrity and supported by robust internal controls and risk management systems, DFI ensures meaningful contributions to the duty-free retail sector.

Policies, Principles and Commitments

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

Monitoring and Control Systems

- Financial reporting
- Internal audit
- Risk assessment
- Compliance training
- Whistle-blowing

DIRECT AND INDIRECT ECONOMIC IMPACT

DFI Group propels financial growth and contributes to overall economic sustainability directly and indirectly. Its diverse product range, strategic pricing and effective marketing maximise revenue streams, ensure financial stability and foster growth. DFI's operations play a crucial role in generating employment opportunities, supporting local communities, and contributing to the economic development of its regions, particularly by boosting tourism and retail travel. Collaborative partnerships with suppliers ensure the availability of high-quality products, further driving economic growth through mutually beneficial relationships.

DFI's retail sales performance significantly contributes to Malaysia's Gross Domestic Product ("GDP") and supports public finances through corporate income tax payments. Duty-free shopping also enhances the appeal of travel destinations, fostering growth in the tourism sector and its associated economic benefits.

During the current financial year, the Kementerian Dalam Negeri (KDN) initiated the compulsory acquisition of land owned by wholly owned subsidiaries of DFI in Bukit Kayu Hitam, Kubang Pasu District, Kedah for a road construction project linking the Bukit Kayu Hitam ICQS Complex in Kedah with the CIQ Sadao facility in Thailand ("Compulsory Land Acquisition").

The Compulsory Land Acquisition led to the closure of a long established duty-free complex and car park operation at Bukit kayu Hitam, which adversely impacts the Group's business operations and future earnings. It also resulted in dismantling the solar panels installed at the outlet and the termination of employees and workers based at the location. The Group received compensation related to the Compulsory Land Acquisition during the financial year with the associated expenses recognised in FY2025.

Metrics/Target: Continuous improvement of DFI's financial performance, subject to market conditions, focusing on maximising returns and creating long-term sustainable shareholder value

The following table presents the Group's value distribution to its different stakeholders.

RM ('000)	FY2023	FY2024	FY2025
Economic Value Generated (Revenue and other income, net of operating expenses)	50,388	52,731	97,234
Economic Value Distributed			
- Employees (Salary and other benefits)	14,459	15,391	19,866
- Government (Income tax)	2,525	3,700	3,787
- Providers of capital (Dividends and finance costs)	14,521	17,875	32,578
- Community (Donations)	410	266	1,162
Total Economic Value Distributed	**31,915**	**37,232**	**57,393**

For further insights into the Group's economic performance for FY2025, please refer to pages 95 to 167 of this Annual Report.

SUPPORTING REGIONAL CONNECTIVITY

On 25 November 2024, one of DFI Group's outlets at Bukit Kayu Hitam concluded its operations due to the Compulsory Land Acquisition by the Malaysian Government for a major infrastructure development as mentioned above. While the closure marked the end of an era for this particular outlet, DFI fully supports the government's vision to enhance regional connectivity and strengthen economic ties between Malaysia and Thailand.

DFI remains committed to supporting such transformative initiatives, recognising their significant and lasting contributions to national prosperity, regional cooperation and the well-being of local communities.

SUPPLY CHAIN MANAGEMENT

DFI maintains an efficient and sustainable supply chain. The Group fulfils this commitment by continuously streamlining logistics, optimising transportation routes and enhancing product handling processes to minimise waste and environmental impact. Fostering long-term strategic partnerships with suppliers and prioritising ethical sourcing, sustainability practices and innovation delivers consistent high-quality products while strengthening overall supply chain resilience and sustainability.

GOVERNANCE

DFI actively maintains robust supply chain governance by regularly evaluating key suppliers on financial stability, product authenticity, compliance, pricing and reliability. Open communication fosters alignment, basing partnership decisions on a comprehensive review to uphold DFI's standards and long-term objectives.

SUSTAINABILITY & COLLABORATING WITH SUPPLY CHAIN PARTNERS FOR AN EXCLUSIVE SHOPPING EXPERIENCE

DFI is committed to working closely with its supply chain partners to deliver a value-added, exclusive and delightful shopping experience for customers. Regular supplier visits are crucial in optimising product placement, refining display strategies, enhancing promoter training and improving storage efficiency. These interactions foster collaboration, allowing DFI and its suppliers to implement best practices that elevate the shopping experience. The team conducted an OSHA briefing to ensure a safe and well-organised warehouse environment, focusing on properly handling heavy equipment and effectively managing palletised stock. This initiative reinforces workplace safety standards while promoting efficiency in daily operations.

RESPONSIBLE SOURCING

DFI works closely with brand principals, many of whom have established ESG initiatives to drive sustainability efforts. The Group collaborates with vendors on initiatives for pallet recycling and glass bottle collection. Some suppliers have also reduced paper usage by offering glass bottles without gift boxes. While ESG certifications are not a primary criterion due to the limited pool of duty-free suppliers, DFI ensures product authenticity and quality by sourcing exclusively from brand principals or authorised distributors.

LOCAL SOURCING

DFI prioritises local sourcing whenever feasible, balancing its reliance on international brands with strong partnerships with local distributors, logistics providers and service partners to strengthen domestic business networks. Sourcing locally for operational essentials such as packaging, store fixtures and promotional materials not only supports local businesses but also enhances supply chain efficiency and contributes to the national economy. This approach ensures seamless operations while aligning with the Group's sustainability and community development commitments.

Metrics/Target: Maintaining at least 50% local sourcing of procurement.

- DFI has achieved 67% local sourcing of procurement in FY2025.

EFFICIENCY AND DIGITALISATION

DFI enhances supply chain efficiency by optimising warehousing, streamlining delivery processes and embracing digitalisation. The Group reduces reliance on external storage by utilising privately owned bonded warehouses for high-volume items, lowering handling and transportation costs. Additionally, direct delivery and drop shipment strategies for select product categories, such as glassware and household items, further improve efficiency while minimising stock movement.

As part of its ongoing logistics optimisation efforts to enhance local service and reduce stock transfers, DFI is refining its distribution centre hubs. Supporting these initiatives, the Group is advancing its digital transformation by replacing outdated email and paper-based processes with a centralised, real-time Google-based data-sharing system. This platform, accessible to key stakeholders including shop, purchasing, warehousing and forwarding teams enhances transparency, facilitates seamless communication and eliminates delays caused by fragmented information flow.

This initiative improved cost management and operational performance by optimising delivery planning and strengthening cross-departmental collaboration. Real-time monitoring of key processes, including shop ordering, purchasing, fulfilment, tax stamp labelling and customs clearance, has minimised errors and enhanced overall efficiency. Since its implementation, DFI has reduced lead times from 2.5 months to 1.5 months, accelerating response times and boosting customer satisfaction. Additionally, fewer required trips have lowered transportation costs and contributed to DFI's sustainability efforts by reducing its carbon footprint.

SUSTAINABLE AND ETHICAL SUPPLY CHAIN

DFI integrates sustainability and ethical responsibility into its supply chain, ensuring ethical conduct, fair labour practices and environmentally responsible logistics. The Group minimises its carbon footprint by optimising logistics and reducing transportation inefficiencies and waste. A key initiative involves enhancing its forecasting and replenishment ("F&R") system, which refines stock allocation by analysing the supply chain from supplier to shelf while considering the strategic locations of brand partners and airports. This data-driven approach improves operational efficiency and mitigates logistical constraints.

Beyond environmental efforts, DFI upholds strict ethical labour standards, ensuring fair treatment, safe working conditions and compliance with international labour regulations throughout its supply chain. The Group prioritises supply chain partners who demonstrate exemplary social and environmental practices and evaluates contract renewals based on compliance with strict sustainability criteria. This approach ensures adherence to high ethical and environmental standards. DFI does not engage with suppliers who have a history of non-compliance or regulatory violations.

Sustainability Criteria Assessed within the Supply Chain

The Group will continue actively engaging in the broader sustainability movement, addressing its immediate operational impact and positioning itself as a responsible leader in the duty free retail industry.

Environmental Supply Chain

- Climate change
- Energy use
- Water use
- Waste management
- Biodiversity
- Certifications and recognitions

Social Supply Chain

- Non-discrimination
- No child and forced labour
- Fair treatment
- Safety and health
- Certifications and recognitions

SHAPING DUTY FREE RETAIL'S FUTURE TOGETHER

DFI advances the retail industry through active collaboration and engagement with key organisations. As a member of the Singapore Business Federation, DFI contributes to shaping industry standards, fostering innovation and driving collective progress.

The Group actively participates in annual global trade fairs and events, providing a platform for merchandisers and operations teams to connect directly with brands, retailers, airlines, cruise lines and other industry stakeholders. These events, featuring themed workshops and networking sessions, inform participants about evolving consumer trends and industry advancements. Such engagement enables the Group to remain at the forefront of market developments, reinforce relationships with brand partners and recognise emerging product opportunities.

ENVIRONMENTAL EXCELLENCE

Solar Panels at Padang Besar Outlet

Our Management Approach

While the environmental impact of the retail industry may not be as direct as that of manufacturing or heavy industries, DFI recognises the growing global climate and environmental risks affecting all sectors. As a leading player in the duty-free retail industry, the Group acknowledges its significant role in addressing these challenges. Although DFI's environmental impact is less than that of some industries, the Group remains committed to minimising its footprint and advancing sustainable development through its operations.

DFI focuses on key areas such as waste management, eco-friendly initiatives, a green supply chain, sustainable inventory management and adopting new technologies to enhance efficiency and reduce environmental harm.

In addition to internal efforts, DFI collaborates closely with stakeholders, including brand partners, landlords such as airport and seaport operators and logistics providers, to mitigate climate risks and strengthen sustainability across the entire supply chain. DFI aims to drive industry-wide change through these partnerships and work towards a more sustainable future.

Policies, Principles and Commitments

- Environmental Policy
- Environmental Act and relevant laws

Monitoring and Control Systems

- Energy consumption monitoring
- Solar panel performance tracking system

ENERGY CONSUMPTION AND GHG EMISSION

GOVERNANCE

DFI operates in highly regulated environments across both owned and leased premises. Landlords and existing building infrastructure largely determine utility consumption in leased locations, including water usage, energy consumption and sourcing. However, the Group remains committed to reducing its environmental footprint by proactively identifying and implementing sustainable solutions to enhance resource efficiency and minimise its overall impact.

DFI continuously monitors consumption patterns to uphold energy efficiency, promptly addresses irregularities with corrective measures when necessary and conducts monthly outlet maintenance inspections to identify potential inefficiencies or discrepancies.

STRATEGY

Effective energy management ensures a safe, comfortable and welcoming retail environment. Recognising this, DFI prioritises optimising lighting and ambient temperature, which are key to enhancing the overall shopping experience.

Lighting & Air Conditioning

- Replace traditional fluorescent, metal halide and halogen lighting with LED variants upon burnout.
- Upgrade centralised air conditioning units or convert them to split units where feasible for targeted usage and cost savings.
- Exclusively use A-rated electronic devices for air-conditioning and refrigeration.

Energy-Efficient

- Replace efficientcy obsolete equipment with energy efficient, inverter-based alternatives to reduce power consumption.

Supply Chain Efficiency

- Manage transportation and logistics to reduce carbon emissions. Partnering with suppliers and logistics providers that share DFI's sustainability goals further reduces the environmental impact of its retail operations.

Monitoring & Maintenance

- Review electricity bills monthly to detect unusual surges, investigate wastage and address inefficiencies.
- Ensure qualified vendors maintain solar panels at solar-equipped outlets and regularly check the solar monitoring system for optimal performance.

Renewable Energy

- Remove any impediments at existing solar panels to ensure maximum capacity.
- Install a total rooftop solar capacity of 565 kWp, generating 737 MWh of electricity in FY2024 and saving an average of RM31,249 per month.
- Evaluate solar panel installations at selected locations, analysing consumption trends to determine potential savings and long-term sustainability benefits

RENEWABLE ENERGY

DFI actively incorporates renewable energy into its portfolio to meet growing demand, with solar energy playing a key role. A notable step in this direction is the installation of solar panels on the outlet rooftops at Padang Besar. The Group has a total installed rooftop solar capacity of 211.3 kWp at Padang Besar, generating 273.5 MWh of electricity in FY2025 and saving a monthly average of RM11,600. These solar panels support DFI's commitment to reducing its carbon footprint, decreasing reliance on non-renewable energy sources and achieving ongoing cost savings. The assessment of current consumption trends and future projections remains ongoing with continuous monitoring in place to explore additional opportunities for renewable energy integration.

Qualified vendors maintain solar-equipped outlets while the team actively monitors system performance to ensure long-term efficiency and reliability. Regular cleaning of solar panels ensures optimal efficiency by preventing dirt accumulation that could impair energy generation. Removing any obstacles to sunlight absorption allows the solar panels to operate at maximum capacity, optimising energy production and contributing to DFI's broader sustainability goals.

RISK

Inefficient energy consumption escalates operational costs, erodes profitability and diminishes competitiveness against more energy-efficient peers. Excessive consumption also heightens greenhouse gas emissions, negatively impacting the environment and damaging brand reputation, especially among environmentally conscious consumers.

Metrics/Target: Reduce energy intensity by 3% (using FY2024 as a baseline) by FY2026.

- In FY2025, total energy consumption decreased by 8% compared to FY2024.

WATER

GOVERNANCE

As a duty-free retailer, DFI consumes significantly less water than production-based industries. However, despite its lower usage, the Group remains committed to actively managing water consumption by monitoring operational trends and implementing efficiency-enhancing measures.

STRATEGY

The Group is committed to sustainable water management by optimising operational efficiency and minimising unnecessary consumption. Continuously monitoring and analysing water usage helps identify trends, detect anomalies and implement corrective actions when observing irregular consumption. DFI reviews water bills for accuracy and promptly addresses necessary repairs to prevent wastage and inefficiencies. Additionally, the Group is exploring rainwater collection at its sites for reuse in plant irrigation and general cleaning.

RISK

Inefficient water consumption increases operational costs related to treatment, transportation and storage. Excessive usage or poor management can lead to regulatory penalties and reputational risks. Proactive monitoring and effective management are crucial for mitigating these challenges and ensuring cost efficiency, regulatory compliance and environmental sustainability.

Metrics/Target: Reduce water intensity by 3% (using FY2024 as a baseline) by FY2026

- In FY2025, total water consumption decreased by 35% compared to FY2024.

CLIMATE RISK & OPPORTUNITY DISCLOSURE (TCFD & IFRS S2)

DFI adopts a structured approach to identifying and managing climate-related risks and opportunities, seamlessly integrating them into its business operations. As a duty-free retailer, the Group acknowledges the potential impact of climate change on travel patterns, supply chains and operational costs. By aligning its disclosures and strategies with the TCFD recommendations and the latest IFRS S2 requirements, DFI ensures transparency and enhances its ability to report financial risks associated with climate change, thus strengthening its resilience and adaptability in an evolving global travel landscape.

Key Areas	Rationale	DFI's Approaches
Governance	Effective governance is crucial for managing climate-related risks and opportunities. As climate change increasingly impacts the business environment, DFI integrates climate considerations into its corporate governance framework to ensure the organisation addresses these factors at the highest levels. This alignment supports the Group's long-term sustainability and resilience.	The Board oversees climate-related risks and opportunities by integrating sustainability into strategic decision-making, identifying material ESG factors and ensuring effective risk management. It monitors strategy implementation and evaluates performance in addressing climate challenges. DFI's Sustainability Working Group develops and implements sustainability objectives, assessing risks such as regulatory changes and supply chain disruptions while implementing mitigation measures. The committee also identifies opportunities, such as new technologies and partnerships, to enhance sustainability efforts and drive DFI's sustainability agenda.
Strategy	A clear strategy for addressing climate-related risks and opportunities is critical to maintaining long-term business success. Assessing the actual and potential impacts of climate change helps DFI understand how these factors affect its operations, financial performance and strategic goals. Embedding climate considerations in business strategies strengthens resilience to climate change and positions DFI for sustainable growth.	DFI recognises climate change as a critical risk and has integrated it into its Enterprise Risk Management Framework, addressing physical and transitional risks. As a duty-free retailer, DFI assesses the potential impact of climate change on supply chains, logistics and customer demand across short-, medium- and long-term horizons. Thorough evaluations help DFI understand how climate-related risks may affect its operations, strategy and financial planning. By assessing its ability to adapt to various climate scenarios, DFI ensures its strategy remains resilient and aligned with evolving market conditions, supporting continued growth and sustainability amid climate challenges.

Key Areas	Rationale	DFI's Approaches
Risk management	Managing climate-related risks is essential to ensuring business continuity and resilience. As climate change continues to grow in impact, DFI integrates climate risks into its risk management processes to identify, assess and mitigate both physical and transitional risks. Proactively addressing these risks is crucial for maintaining operational stability and preparing for future challenges.	DFI takes a proactive approach to addressing climate risks while leveraging opportunities for sustainable growth and value creation within the duty-free retail sector. Recognising that climate change presents physical and transitional risks, the Board has formally acknowledged it as a material issue that requires careful consideration across all levels of the organisation. DFI understands that climate risks—such as disruptions in supply chains, fluctuations in consumer demand and the regulatory environment—can have significant financial and operational impacts. For example, changes in weather patterns may affect travel patterns or the availability of certain products, while evolving environmental regulations may impact its sourcing strategies or packaging practices. These factors are assessed through robust processes, including annual risk assessments, to identify, quantify and document climate risks. DFI integrates climate-related risk management into its overall enterprise risk management framework, aligning its strategic objectives with sustainability goals. The Group evaluates how potential climate scenarios—ranging from resource scarcity to regulatory changes—could impact its business operations, especially across global supply chains and travel retail outlets. This comprehensive risk management approach builds resilience to climate-related disruptions and remains adaptable to future environmental challenges.
Metrics/Targets	Tracking and measuring climate-related risks and opportunities are essential for understanding the effectiveness of DFI's climate strategy. Clear metrics and targets provide a framework for monitoring progress, ensuring it remains on track to meet its sustainability objectives. Transparent disclosures of these metrics allow stakeholders to assess DFI's commitment to mitigating climate risks and achieving long-term sustainability goals.	DFI actively tracks, reduces and discloses its carbon emissions, including Scope 1, 2 and 3 Greenhouse Gas ("GHG") emissions, with annual updates to ensure transparency and alignment with sustainability goals. Detailed information is available in the Performance Data Table on page 53 of this Sustainability Report. DFI is dedicated to continuous improvement and is currently setting specific carbon reduction targets to further minimise its environmental impact. Additionally, DFI is transitioning to adopt the latest IFRS S2 requirements, ensuring compliance with updated financial reporting standards to enhance governance, accuracy and consistency in its disclosures.

CARBON EMISSIONS

DFI reports comprehensive carbon emissions using the globally recognised GHG Protocol, developed by the World Business Council for Sustainable Development ("WBCSD") and the World Resources Institute ("WRI"). The Group continuously improves its carbon emissions reporting to align with local and international standards. With a solid baseline, DFI will set clear carbon reduction targets to drive continued progress in its sustainability initiatives.

Scope 1 (Direct Emissions)	Scope 2 (Indirect Emissions)	Scope 3 (Other Indirect Emissions)
• DFI derived CO_2 emissions from the consumption of fuel from the Transport or Mobile Sources: Methodology for Calculating GHG Emissions from Transport (Cross-Sector Tools), published by the GHG Protocol.	• DFI derived CO_2 emissions from electricity use using the emission factor published Energy Commission Grid Emission Factor for Peninsular 2022.	• DFI calculates air travel GHG emissions point to point, including the number of employees on board and the distance travelled. Performing separate calculations for business and economy class flights, DFI used the UK Government GHG Conversion Factors for Company Reporting to calculate the CO_2 emissions from air travel and employee commuting.

For more information on DFI's carbon footprint data, please refer to the Performance Data Table on page 53 of this Annual Report.

WASTE AND RECYCLING

DFI generates waste primarily from packaging materials, including cartons, plastic bags and paper boxes, through its retail and wholesale activities. Given the nature of its operations, this waste volume does not significantly affect operational efficiency or financial performance. Most of the waste produced is recyclable or reusable, with minimal impact on DFI's environmental footprint.

The Group partners with external vendors for waste management, ensuring efficient collection and disposal of materials. Although minimal waste generation is largely recyclable, DFI remains committed to working closely with vendors to uphold responsible disposal and recycling practices.

DFI also actively participates in eco-friendly initiatives, from supporting local sustainability projects to adopting green technologies within stores. For example, implementing waste reduction programmes or integrating digital solutions to reduce paper usage helps further DFI's commitment to sustainable business practices. The Group encourages sustainable behaviour among customers, raising awareness about responsible consumption through in-store communication and initiatives.

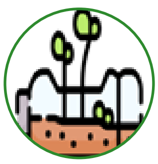
PROMOTING RECYCLING AND REDUCING SINGLE-USE PLASTICS

Reduce

• Reduces materials used, printing and waste generated.

Reuse

• Reuses packing materials, cartons and pallets that protect and transport products.



Repurpose

• Repurposes and upcycles materials that have lost their original functionality.

Recycle

• Recycle waste, paper, plastic items, cardboard, carton and pallet.

DFI is committed to integrating sustainable practices across its operations and processes by actively promoting recycling and engaging customers, employees and supply chain partners in environmental responsibility. The Group focuses on reducing single-use plastics, minimising environmental impact and fostering a shared commitment to sustainability.

Packaging is another significant area where DFI can make an impact. Transitioning to eco-friendly packaging solutions, such as recyclable materials and biodegradable options, or reducing excess packaging helps minimise waste and supports sustainable consumption patterns.

Furthermore, DFI encourages its employees to adopt eco-conscious practices by reducing paper consumption and minimising waste in daily operations, reinforcing its dedication to long-term environmental responsibility.

Green Initiatives

Minimise Printing

- Consolidate printers for better control.
- Use lower grammage paper and reuse blank sides for drafts.
- Default printers to double-sided printing.
- Implement e-signatures to eliminate physical paperwork.
- Publish the annual report digitally, with printed copies available upon request.

Recycling Pallets

- Recycle all pallets back to the vendor after unloading, ensuring they are consistently reused within the warehouse.
- Pallets are sent to outlets and returned, sustaining an ongoing recycling cycle to minimise waste.

Recycle Bags

- Gradually transition from plastic bags to biodegradable materials for retail operations.
- Recycle product cartons used for item transport.

Recycling Back Walls and Gondolas

- Retain and reuse back walls and gondolas across outlets, as needed, to maximise reuse.

Efficient Systematic Warehouse Processes

- Streamline operations with cloud-based information sharing, reducing reliance on traditional email, printing and documentation tracking.
- This approach enhances cost efficiency, optimises resource allocation and reduces environmental impact.

Metrics/Target: Replace conventional bags with biodegradable or recycled options in the retail business by FY2027.

➢ The replacement of conventional bags with recycled alternatives is currently in progress.

EMPOWERING PEOPLE, ENRICHING SOCIETY TOGETHER

Beyond retail excellence, DFI is committed to making a meaningful impact on the people who contribute to its success—the DFI family, which includes employees and local communities. The Group focuses on empowering individuals, enriching society and promoting community growth. This commitment to social responsibility aligns seamlessly with DFI's business objectives, creating a positive and lasting impact through the shared development of the business and the community.

DFI encourages employee volunteering as part of its dedication to community engagement and social responsibility, offering unrecorded leave for participation in such activities. This initiative fosters active involvement in meaningful causes, enabling employees to make a tangible difference in their communities.

Additionally, the Group supports non-profit organisations and employees in need through donations for initiatives such as the "Sumbangan Bantuan Sekolah" programme and financial aid for flood victims. By uplifting disadvantaged communities, DFI strengthens its connection with the public, fosters goodwill and enhances social well-being while providing employees with a sense of purpose and fulfilment.

Our Management Approach

Effective people management is essential in the fast-paced, customer-driven, duty free retail industry. DFI cultivates a culture of adaptability, collaboration and open communication, ensuring its workforce stays aligned with the dynamic demands of the industry. The Group is fully committed to the growth and well-being of its people, empowering them to excel professionally and personally. By nurturing a motivated and resilient team, DFI ensures its employees are well-equipped to meet the ever-evolving needs of travellers.

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

NURTURING EMPLOYEES' GROWTH AND SUCCESS

GOVERNANCE

DFI fosters employee growth through a comprehensive learning and development framework to enhance job performance and support career progression. Beyond job-specific training, the Group prioritises personal development by offering diverse seminars and workshops covering leadership, IT, hospitality and customer service, empowering employees to expand their skill sets beyond their daily responsibilities.

For customer-facing roles, the Group emphasises the importance of communication and empathy in delivering exceptional service. Additionally, DFI promotes continuous learning through various platforms, including internal programmes, external training and online courses, ensuring employees have ample opportunities for ongoing professional and personal development.

STRATEGY

DFI fosters a culture of continuous learning and growth through effective talent management. The Group consistently assesses training needs by gathering feedback from various sources, including performance reviews, customer insights, post-incident evaluations and mandatory training requirements for regulatory compliance and skill enhancement. This comprehensive approach ensures that employees acquire the knowledge and skills necessary to thrive in the fast-paced retail environment while remaining aligned with industry standards and regulations.

Throughout the year, the Group implements key training programmes, including the Exceptional Customer Service Programme, the Essential E-Invoicing Programme and the Occupational Safety and Health Coordinator ("OSH-C") Competency Programme. These initiatives, along with comprehensive product training, equip employees to:

- Effectively respond to customer needs
- Stay up to date with industry requirements
- Develop a deep understanding of DFI's diverse product offerings
- Build expertise in the brands they represent

RISK

A skills gap within the organisation, caused by a lack of expertise to meet evolving business needs, can hinder productivity and performance. Additionally, high employee turnover, often due to limited career advancement and development opportunities, results in losing valuable talent. This turnover increases recruitment and training costs, placing additional strain on organisational resources and potentially obstructing long-term growth.

Metrics/Target: Average of 6 hours of training per employee.

➢ DFI has achieved 11 hours of training per employee in FY2025.

REWARDING EXCELLENCE

DFI offers competitive compensation packages to attract and retain top talent, ensuring that remuneration aligns with industry standards and reflects the skills and experience of its employees. Beyond financial rewards, DFI strongly emphasises employee well-being through a comprehensive benefits programme that includes medical allowances, annual leave and special leave for significant life events. Recognising the importance of work-life balance, the Group also provides flexible working arrangements to accommodate personal and family needs.

DFI enhances employee engagement and satisfaction by continuously evaluating and refining its compensation and benefits to meet the evolving needs of its diverse workforce. This commitment fosters a supportive and dynamic workplace where employees feel valued, motivated and empowered to grow both professionally and personally. By staying responsive to changing workforce expectations, DFI cultivates long-term loyalty and a culture of continuous development.

DIVERSITY AND INCLUSIVITY

DFI champions diversity and equality while prioritising local employment to support community development and economic growth. The Group ensures an inclusive hiring process that values diverse backgrounds, skills and perspectives while maintaining a workforce predominantly composed of local talent. This approach strengthens community ties, enhances cultural understanding in customer interactions, and aligns with its retail travel vision. While over 99% of outlet staff are nearby residents, DFI also welcomes global expertise where necessary, as seen in hiring an expatriate in the ICT department for specialised skills, ensuring a balanced and capable workforce.

DFI maintains a merit-based recruitment process prioritising transparency and fairness at every stage. The Group actively supports local employment initiatives, aligning its talent acquisition strategy with its vision for travel retail. Diversity is a key driver of the Group's strategy, particularly given its presence in a multinational and multicultural industry. With operations at international airports, seaports, ferry terminals, border towns and tourist destinations, DFI engages daily with a diverse range of customers, suppliers and colleagues from various nationalities.

DFI's inclusive corporate culture embraces diversity across gender, age, race, culture and creed. Due to the nature of the business, which often involves physically demanding tasks like moving heavy merchandise, the workforce tends to have a higher proportion of male employees. However, we actively strive to balance this by encouraging the recruitment of women in suitable roles and fostering an inclusive environment that supports equal opportunities for all genders. DFI maintains a 1:1 remuneration ratio for men and women.

The Group's commitment to non-discrimination extends across the entire employment lifecycle, ensuring equal hiring, training, promotions, career growth and compensation opportunities. DFI upholds a workplace environment free from discrimination and harassment, reinforcing a zero-tolerance policy through its Employee Handbook and Code of Conduct. These guidelines establish strict measures to prevent and address any form of misconduct among employees.

Metrics/Target: Maintain a gender diversity ratio within the range of 52% to 55% male and 45% to 48% female employees.

- DFI has achieved gender diversity ratio of 54% for male and 46% for female employees in FY2025.

PRIORITISING WORKPLACE HEALTH AND SAFETY

ZERO
- Work-related injuries
- Ill health cases
- Workplace safety non-compliance

Ensuring a safe and healthy work environment remains a top priority for DFI. The Group provides comprehensive training and conducts regular hazard identification and risk assessments to equip employees with critical safety knowledge—focusing on accident prevention, emergency preparedness, and compliance with regulatory standards.

DFI conducted an in-house Occupational Safety & Health ("OSHA") Awareness Programme for its operations team during the year. Enrolling employees in the OSH Coordinator Programme helped them understand the responsibilities of an OSH Coordinator and acquire the skills necessary to uphold workplace safety. Selected team members also attended external forklift operation and safety training to enhance their expertise.

Recognising the physical demands of the retail environment, where employees spend long hours on their feet, the Group has implemented structured breaks and wellness initiatives to support their well-being. These efforts reinforce DFI's commitment to maintaining a safe, healthy, supportive work environment.

PROACTIVE SAFETY MEASURES & COMPLIANCE

DFI operates across diverse locations, including airports, seaports, downtown areas and border towns, where strict safety regulations apply. Employees undergo essential health and safety training to ensure compliance, including new hire inductions and refresher sessions. These training programmes are also extended to workers from third-party service providers when required.

Additionally, the Group conducts regular safety risk assessments and inspections to uphold the highest safety standards. In FY2025, key safety initiatives included:

- Annual Bomba premise inspections for fire certificate issuance and renewal
- Monthly JKKP inspections and calibrations for lifts and escalators
- Monthly firefighting system tests and maintenance
- TNB switchboard inspections every two years, as mandated by Suruhanjaya Tenaga

ENFORCING SAFETY STANDARDS FOR VISITORS & CONTRACTORS

DFI enforces strict safety protocols for visitors and contractors, requiring all vendors and contractors to obtain a security pass and remain accompanied or supervised while on-site. For major works, contractors must provide Workmen's Compensation and Contractor Risk insurance to ensure adequate protection.

NURTURING A HEALTHY MIND AND MENTAL WELL-BEING

A supportive and inclusive workplace is essential to fostering mental well-being. We create opportunities for employees to connect and engage through festive celebrations such as Chinese New Year, Hari Raya, Deepavali and Christmas. These gatherings encourage camaraderie, strengthen relationships and contribute to a positive and collaborative work culture.

DFI actively promotes work-life balance by managing overtime and work schedules to foster a healthy and sustainable work environment. Through partnerships with local clinics, employees receive comprehensive health screenings, covering assessments such as blood pressure, cholesterol levels, blood sugar and Body Mass Index ("BMI"). One-to-one consultations with healthcare professionals provide personalised health advice, empowering employees to optimise their well-being and vitality.

Fire safety training attended by employees

HUMAN RIGHTS

DFI upholds the highest standards of ethical conduct in all business dealings, including compliance with International Human Rights Law. The Group summarises its human rights standards in its Code of Conduct, which applies to all supply chain partners and business associates. Suppliers must align with these standards and adhere to DFI's labour practices and human rights principles.

DFI Principles, Codes and Actions with Regards to Human Rights and Labour

Freely chosen employment	DFI has zero tolerance for forced, involuntary or exploitative prison, indentured, bonded (including debt bondage), trafficked or slave labour.
Prevention of Child Labour	DFI has zero tolerance for child labour, defined as work by any person: • Aged less than 15 • Underage for completing compulsory education • Under the minimum age for employment (Whichever is the most stringent in the country of origin)
Working Hours	DFI complies with local working hours and overtime laws and reduces excessive overtime.
Wages and Benefits	DFI ensures full compliance with all applicable wage laws, including worker compensation and retirement benefits. The Group adheres to legally mandated minimum wages, overtime pay requirements and statutory benefits. In line with the Minimum Wages Order 2024 P.U.(A) 376/2024 ("MWO 2024"), gazetted on 4 December 2024, DFI has implemented the revised minimum monthly wage of RM 1,700, effective 1 February 2025, for all eligible employees.
Equality and Non-discrimination	DFI's recruitment and employment practices safeguard against discrimination based on race, colour, religion, age, gender, sexual orientation, marital status, ethnicity or nationality.
Freedom of Association and Collective Bargaining	The Group complies with local laws on freedom of association and collective bargaining, maintains an open-door policy and allows workers to openly communicate their ideas and concerns with management regarding working conditions and management practices without fear of intimidation or reprisal.
Health and Safety	DFI has established a Health and Safety Management System that complies with local and international occupational safety and health guidelines.
Talent Development	The Group helps workers to grow, learn new skills and develop.
Notice Period	A minimum of one month notice period is given to all affected parties resulting from operational changes

BEYOND BORDERS: REDEFINING DUTY-FREE WITH PURPOSE AND PLEASURE

DFI upholds responsible operations by offering a curated selection of premium, high-quality products that meet the diverse needs of global travellers. Committed to authenticity and excellence, DFI rigorously sources products and ensures quality assurance, providing an exclusive range of travel-only collections. The Group elevates the shopping experience with seamless efficiency, optimised store layouts and innovative digital solutions such as pre-ordering and click-and-collect services. Integrating these elements helps deliver a refined, exclusive, hassle-free shopping journey, setting the standard for duty-free retail excellence.

OUR PROMISES

Convenience and ease	Placing outlets at strategic exit points and popular tourist destinations across Peninsular Malaysia provides convenience and accessibility to customers. "THE ZON" offers ample parking, creating a welcoming and accessible shopping environment.
Efficient, fast and secure	DFI ensures operational excellence through efficient store layouts, optimised product placement and streamlined checkout processes. The Group integrates advanced security and efficiency measures across its retail operations to enhance the customer experience while ensuring operational integrity. By offering E-wallet and contactless payment options, DFI prioritises seamless transactions, minimising physical contact while maintaining security. A comprehensive CCTV system across all outlets deters theft, enhances employee safety and enables remote monitoring of customer traffic patterns to optimise store management. Additionally, DFI has invested in cybersecurity software to safeguard sensitive information, protect against digital threats and ensure smooth, uninterrupted operations.
Competitive price and reliability	As the leading duty-free retailer in Malaysia with over 40 years of operational experience, DFI has built a strong reputation for the quality and pricing of goods across all outlets. DFI's Duty Free prices remain consistently below market rates. Competitively priced Duty Paid ("DP") goods reinforce "THE ZON's" position as the preferred choice for travellers and shoppers while keeping the business competitive.
Wide product range	DFI provides diverse product categories such as Confectionery, Fragrances, Spirits, Wine & Champagne, Household Products, Food, Leather, Souvenirs and Fashion. Offerings include modern and premium glassware and a small selection of children's products, such as soft toys, enhancing the overall product mix diversity. Throughout the year, DFI secured the supply of household products from a major local supplier, including their house brand products in three retail outlets in Bukit Kayu Hitam, Padang Besar and Pengkalan Hulu. Introducing these highly sought-after products in "THE ZON" outlets provides convenient and hassle-free shopping, particularly as the supplier was previously exclusive to Langkawi.
Exclusive and Premium Quality	DFI delivers an exceptional duty-free shopping experience, exceeding traveller expectations through impeccable retail execution and a meticulously curated selection of premium products. By sourcing exclusively from principal brand owners and appointed regional distributors, DFI ensures authenticity, enhances its brand reputation, and upholds a sustainable, socially responsible supply chain. Quality assurance remains central to its operations, with stringent supplier vetting, rigorous sourcing standards and strict adherence to global regulatory compliance guaranteeing consistency and excellence in every purchase.

A PREMIUM SHOPPING EXPERIENCE

The Group's shops are designed as standalone boutiques or integrated shop-in-shop concepts within its travel retail stores, catering to the unique preferences of each location's travellers. Thoughtfully arranged planogram displays organise products by brand, seasonal trends and key promotions, ensuring a seamless and engaging shopping experience. High-demand items are strategically positioned for easy access, while eye-catching seasonal displays enhance store aesthetics, creating an inviting atmosphere that encourages customer engagement and boosts sales.

Beyond store layout, DFI elevates the shopping experience with personalised service, where expert staff provide tailored recommendations and exclusive experiences such as fragrance consultations and tasting sessions. To maintain exceptional customer service, DFI optimises staffing based on store traffic and sales, ensuring that each section within an outlet is dedicated to a specific product category with knowledgeable staff on hand to offer expert guidance.

Throughout DFI's history, there have been no recorded incidents of non-compliance related to the health and safety impact of the Group's products and services.

PRODUCT QUALITY AND CUSTOMER SATISFACTION

GOVERNANCE

Customer satisfaction is at the core of DFI's commitment to delivering an exceptional duty-free shopping experience. The Group strives to enhance customer interaction by actively seeking feedback through multiple channels, including its website, social media and hotline, ensuring open communication and continuous improvement. Sales Assistants play a key role in this process, directly engaging with customers on the shop floor and gathering valuable insights into their preferences and needs.

STRATEGY

DFI mitigates these risks by introducing initiatives that recognise and reward customers, strengthen relationships and enhance overall satisfaction. Loyalty programmes, personalised offers and proactive customer engagement help turn feedback into opportunities for continuous improvement and build long-term brand trust.

Rewarding Customer Loyalty

- DFI values long-term relationships with customers and offers THE ZON COMMUNITY CARD, an exclusive loyalty programme that provides special discounts, rewards, and privileges at THE ZON. Customers who spend a minimum of RM200 in a single receipt qualify for membership, allowing them to enjoy added benefits with every purchase.

Monitoring and Resolving

- Customer Feedback
  DFI actively monitors customer feedback through Facebook, Messenger, and email to maintain high service standards. A dedicated customer service team handles product, service, and process-related concerns swiftly, ensuring quick resolutions and continuous improvements to the shopping experience.

Accessible Customer Support Channels

- DFI offers multiple customer support channels, ensuring customers can easily seek assistance:
  - Website: www.zon.com.my
  - Toll-free hotline: 1 800 888 002
  - Social media live chat
  - Email: enquiry@dfzcapital.com.my
  - Contact Us form on the website

Active Customer Engagement

- DFI engages with customers, tenants, and suppliers to enhance service quality. Sales assistants interact with shoppers on the shop floor to gather feedback and better understand customer preferences. Staff are trained to deliver friendly, efficient, and proactive service, ensuring all queries and concerns are addressed promptly.

RISK

Negative customer feedback, including unfavourable reviews and complaints, significantly impacts brand reputation, particularly when product performance falls short of expectations. Dissatisfaction escalates when issues such as inefficient complaint handling or delayed refunds go unaddressed, leading to frustration and potential loss of customer trust. Over time, unresolved concerns erode brand loyalty and weaken DFI's overall market position.

Metrics/Target: Maintaining customer complaints below 3 cases.

- ➢ There were no complaints reported in FY2025.

INTERACTIVE MARKETING

DFI collaborated with a multimedia company to strengthen its social media presence, focusing on brand awareness, marketing and consumer engagement across platforms such as Facebook, Instagram, TikTok and Xiaohongshu. By partnering with travel and lifestyle influencers, DFI leveraged themed short videos to showcase its duty-free offerings, expanding its reach and visibility. Additionally, the Group optimised social media content to engage target audiences effectively.

Through targeted advertising and engaging online content, DFI ensures global travellers stay informed about exclusive products, special promotions and a seamless shopping experience before they even arrive in-store. Its strategic Facebook ad campaigns have boosted website traffic and user engagement, further solidifying DFI's position as a leading duty-free retailer.

DFI remains committed to responsible marketing, ensuring transparency and accuracy in promotions, offers and ongoing campaigns. Throughout the year, the Group maintained full compliance with marketing communication standards, with no breaches related to information labelling or advertising practices.

EXPANDING OUR ONLINE PRESENCE

Recognising the shift towards e-commerce, DFI launched a small-scale online sales platform on Lazada, featuring selected duty-paid in-house brands. This initiative expands market reach, increases product accessibility and strengthens brand awareness. As DFI continues to refine the platform's features and functionality, it remains committed to staying competitive in an increasingly digital marketplace.

STRENGTHENING DATA PROTECTION

Safeguarding sensitive information is a top priority. DFI has invested in cutting-edge cybersecurity software to protect business operations and customer data. This initiative safeguards data security while enhancing operational efficiency by reducing the risk of costly breaches and minimising disruptions to business activities.

A key focus of DFI's cybersecurity strategy is protecting customer data. The Group remains committed to privacy and strictly complies with data protection laws, including the Personal Data Protection Act. DFI continuously reviews and updates its policies, guidelines and processes to align with global privacy standards.

Beyond regulatory compliance, DFI has implemented robust cybersecurity protocols to safeguard critical assets from cyber threats. The ICT department plays a crucial role in fostering a culture of awareness by regularly educating staff on cybersecurity best practices, enhancing the organisation's overall resilience. These proactive measures help mitigate risks and prevent potential operational disruptions.

MOVING FORWARD

As DFI continues its journey towards becoming a leader in sustainable duty-free retail, it remains focused on creating long-term value for its stakeholders through responsible business practices. DFI's commitment to sustainability is evident in every aspect of its operations, from reducing environmental impact and optimising resource efficiency to prioritising the welfare of its employees and engaging with the communities it serves.

Looking ahead, DFI will continue to refine its sustainability strategies to address the evolving needs of customers and the global environment. The Group plans to enhance its efforts in climate risk management, renewable energy adoption, waste reduction and social responsibility. With a clear focus on sustainable growth, DFI is determined to meet and exceed the expectations of consumers, regulatory bodies and stakeholders while maintaining competitive business performance.

The Group is committed to advancing industry standards, fostering innovation and collaborating with key partners to drive collective progress in sustainable retail. By aligning its strategic objectives with global sustainability frameworks, such as the United Nations Sustainable Development Goals, DFI is confident it will continue to play a pivotal role in shaping a sustainable future for the duty-free retail sector.

DFI will remain dedicated to delivering exceptional travel retail experiences to its employees, partners and customers while contributing to a sustainable world.

SUSTAINABILITY DATA PERFORMANCE

Indicator	Unit	FY2023	FY2024	FY2025
Economic				
Economic Value Generated *	RM'000	50,388	52,731	97,234
Employees (Salary and other benefits)	RM'000	14,459	15,391	19,866
Government (Income tax)	RM'000	2,525	3,700	3,787
Providers of capital (Dividends and finance costs)	RM'000	14,521	17,875	32,578
Community (Donations)	RM'000	410	266	1,162
Total Economic Value Distributed	RM'000	31,915	37,232	57,393

** Represents revenue and other income, net of operating expenses*

Indicator	Unit	FY2023	FY2024	FY2025
Anti-Corruption				
Confirmed incidents of corruption	No.	0	0	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	No.	0	0	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	No.	0	0	0
Public legal cases regarding corruption brought against DFI or its employees	No.	0	0	0
Political contributions made	RM	0	0	0
Anti-Corruption Training				
Total number of employees who have received training on anti-corruption	No.	0	51	0
Total number of executive employees who have received training on anti-corruption	No.	0	44	0
Total number of non-executive employees who have received training on anti-corruption	No.	0	7	0
Total number of governance body members who have received training on anti-corruption	No.	0	0	0
Total number of governance body members who could have received training on anti-corruption	No.	0	0	0
Total hours of executive employees who have received training on anti-corruption	Hours	0	352	0
Total hours of non-executive employees who have received training on anti-corruption	Hours	0	56	0
Anti-Corruption Communication				
Total employees to whom DFI's anti-corruption policies and procedures have been communicated	No.	0	34	40
Total management employees to whom DFI's anti-corruption policies and procedures have been communicated	No.	0	0	0
Total executive employees to whom DFI's anti-corruption policies and procedures have been communicated	No.	0	4	4

Indicator	Unit	FY2023	FY2024	FY2025
Economic (cont'd)				
Total non-executive employees to whom DFI's anti-corruption policies and procedures have been communicated	No.	0	30	36
Total business partners to whom DFI's anti-corruption policies and procedures have been communicated	No.	0	0	0
Total business partners that DFI's anti-corruption policies and procedures could have been communicated to	No.	0	0	0
Total governance body members to whom DFI's anti-corruption policies and procedures have been communicated	No.	0	0	0
Total governance body members to whom DFI's anti-corruption policies and procedures could have been communicated	No.	0	0	0
Anti-Corruption Risk				
Percentage of operations assessed for corruption-related risks	%	100	100	100
Supply-Chain				
Proportion of spending on local suppliers	%	46.26%	71.48%	67.06%
Environment				
Water				
Total water consumption	m^3	14,378	32,683	21,193
Energy				
Direct Energy *	GJ	3,674	3,578	2,740
Grid Electricity *	GJ	7,590	8,393	7,792
Renewable Energy	GJ	1,854	2,653	2,855
Grid Electricity	kWh	2,108,241	2,331,436	2,164,531
Renewable Energy	kWh	515,000	737,000	792,950
Total electricity consumption	kWh	2,623,241	3,068,436	2,957,481
Total electricity consumption	GJ	9,444	11,046	10,647
Total Energy	GJ	13,118	14,624	13,387
Energy intensity	KJ/RM Revenue	132	93	86

** Conversion coefficients for electricity and diesel to Joules are derived from the Malaysia Energy Commission National Energy Balance 2020 Report*

Indicator	Unit	FY2023	FY2024	FY2025
Environment (cont'd)				
GHG Emissions				
Scope 1 † ‡				
CO_2	tCO_2e	177	189	192
CH_4	tCO_2e	0.48	0.43	0.41
N_2O	tCO_2e	0.59	0.52	0.51
Total Scope 1 Emissions	tCO_2e	178	190	193
Scope 2 Emissions **	tCO_2e	1,598	1,767	1,675
Total operating emissions	tCO_2e	1,776	1,957	1,868
Emissions intensity	gCO_2e/RM Revenue	17.92	12.45	12.04
Scope 3: Business travel (air) ***				
CO_2	tCO_2e	NA	NA	16
CH_4	tCO_2e	NA	NA	0.02
N_2O	tCO_2e	NA	NA	0.14
CO_2e	tCO_2e	6	45	16
Scope 3: Employee commuting ****				
CO_2	tCO_2e	NA	NA	114
CH_4	tCO_2e	NA	NA	1
N_2O	tCO_2e	NA	NA	1
CO_2e	tCO_2e	NA	338	146

* *Scope 1 emissions were calculated using GHG Emissions from Transport or Mobile Sources: Methodology for Calculating GHG Emissions from Transport (Cross-Sector Tools), published by the GHG Protocol.*

** *Scope 2 emissions calculated using the Energy Commission Grid Emission Factor for Peninsular 2022*

*** *Scope 3: Employee commuting was estimated using the UK Government GHG Conversion Factors for Company Reporting*

**** *Scope 3: Business travel from the UK Government GHG Conversion Factors for Company Reporting*

Indicator	Unit	FY2023	FY2024	FY2025
Social				
Diversity				
Total Headcount	No.	294	298	220
<u>By Gender</u>				
Male	No. (%)	155 (52.7%)	158 (53.0%)	120 (54.5%)
Female	No. (%)	139 (47.3%)	140 (47.0%)	100 (45.5%)
<u>By Age Group</u>				
<30	No. (%)	67 (22.8%)	56 (18.8%)	42 (19.1%)
30-50	No. (%)	152 (51.7%)	159 (53.4%)	120 (54.5%)
>50	No. (%)	75 (25.5%)	83 (27.9%)	58 (26.4%)

Indicator	Unit	FY2023	FY2024	FY2025
Social (cont'd)				
By Employment Contract				
Permanent	No. (%)	265 (90.1%)	275 (92.3%)	193 (87.7%)
Contract	No. (%)	29 (9.9%)	23 (7.7%)	27 (12.3%)
By Employment Category				
Executives	No. (%)	78 (26.5%)	82 (27.5%)	81 (36.8%)
Non-executives	No. (%)	216 (73.5%)	216 (72.5%)	139 (63.2%)
By Ethnicity				
Malay	No. (%)	168 (57.1%)	174 (58.4%)	116 (52.7%)
Chinese	No. (%)	71 (24.1%)	66 (22.1%)	57 (25.9%)
Indian	No. (%)	13 (4.4%)	10 (3.4%)	5 (2.3%)
Others	No. (%)	42 (14.3%)	48 (16.1%)	42 (19.1%)
By Disabilities				
Disabled employees	No. (%)	0 (0.0%)	0 (0.0%)	0 (0.0%)
By Gender and Age Group for Each Employment Contract				
Permanent				
Female	No. (%)	129 (48.7%)	132 (48.0%)	94 (48.7%)
Male	No. (%)	136 (51.3%)	143 (52.0%)	99 (51.3%)
<30	No. (%)	65 (24.5%)	54 (19.6%)	37 (19.2%)
30-50	No. (%)	144 (54.3%)	158 (57.5%)	117 (60.6%)
>50	No. (%)	56 (21.1%)	63 (22.9%)	39 (20.2%)
Contract				
Female	No. (%)	10 (34.5%)	8 (34.8%)	6 (22.2%)
Male	No. (%)	19 (65.5%)	15 (65.2%)	21 (77.8%)
<30	No. (%)	2 (6.9%)	2 (8.7%)	5 (18.5%)
30-50	No. (%)	8 (27.6%)	1 (4.3%)	3 (11.1%)
>50	No. (%)	19 (65.5%)	20 (87.0%)	19 (70.4%)

Indicator	Unit	FY2023	FY2024	FY2025
Social (cont'd)				
By Gender and Age Group for Each Employment Category				
Non-Executive				
Female	No. (%)	101 (46.8%)	100 (46.3%)	62 (44.6%)
Male	No. (%)	115 (53.2%)	116 (53.7%)	77 (55.4%)
<30	No. (%)	63 (29.2%)	52 (24.1%)	38 (27.3%)
30-50	No. (%)	108 (50.0%)	115 (53.2%)	73 (52.5%)
>50	No. (%)	45 (20.8%)	49 (22.7%)	28 (20.1%)
Executive				
Female	No. (%)	38 (48.7%)	40 (48.8%)	38 (46.9%)
Male	No. (%)	40 (51.3%)	42 (51.2%)	43 (53.1%)
<30	No. (%)	4 (5.1%)	4 (4.9%)	4 (4.9%)
30-50	No. (%)	44 (56.4%)	44 (53.7%)	47 (58.0%)
>50	No. (%)	30 (38.5%)	34 (41.5%)	30 (37.0%)
Women in Middle Management	%	20.00%	20.00%	12.50%
Women in Senior Management	%	45.45%	45.45%	30.00%
Director diversity				
Total number of directors	No.	5	5	6
By Gender				
Male	No. (%)	5 (100.0%)	5 (100.0%)	5 (83.3%)
Female	No. (%)	0 (0.0%)	0 (0.0%)	1 (16.7%)
By Age				
<30	No. (%)	0 (0.0%)	0 (0.0%)	0 (0.0%)
30-50	No. (%)	0 (0.0%)	0 (0.0%)	1 (16.7%)
>50	No. (%)	5 (100.0%)	5 (100.0%)	5 (83.3%)
By Independence				
Independent	No. (%)	3 (60.0%)	3 (60.0%)	3 (50.0%)
Non-Independent	No. (%)	2 (40.0%)	2 (40.0%)	3 (50.0%)

Indicator	Unit	FY2023	FY2024	FY2025
Social (cont'd)				
Turnover				
Total turnover	No.	71	37	121
Turnover by Gender				
Male	No. (rate *)	41 (26.2%)	20 (12.8%)	61 (43.9%)
Female	No. (rate *)	30 (14.4%)	17 (8.1%)	60 (35.3%)
Turnover by Age Group				
<30	No. (rate *)	24 (39.0%)	19 (30.9%)	33 (67.3%)
30-50	No. (rate *)	33 (20.9%)	14 (9.0%)	56 (40.1%)
>50	No. (rate *)	14 (18.5%)	4 (5.1%)	32 (45.4%)
Turnover by Employment Contract				
Permanent	No. (rate *)	52 (19.5%)	27 (10.0%)	107 (45.7%)
Contract/Temporary	No. (rate *)	19 (66.7%)	10 (38.5%)	14 (56.0%)
Turnover by Employment Category				
Executive	No. (rate *)	21 (26.1%)	2 (2.5%)	14 (17.2%)
Non-executive	No. (rate *)	50 (23.3%)	35 (16.2%)	107 (60.3%)
Voluntary/Involuntary Turnover				
Voluntary turnover	No. (%)	71 (100.0%)	37 (100.0%)	40 (33.1%)
Involuntary turnover	No. (%)	0 (0%)	0 (0%)	81 (66.9%)

** Turnover rate is calculated by dividing the employees leaving by the average number of employees for each category.*

New hires				
Total new hires	No.	70	43	40
By gender				
Male	No.	40	23	23
Female	No.	30	20	17
By age				
<30	No.	31	29	20
30-50	No.	28	14	17
>50	No.	11	0	3

Indicator	Unit	FY2023	FY2024	FY2025
Social (cont'd)				
Corporate Social Responsibility				
Total contribution to non-profit organisations	RM	200,000	250,000	1,150,000
Training				
Total training hours	Hours	2,630	3,258	2,446
Training Hours by Employment Category				
Executive	Hours	1,334	1,608	1,226
Non-executive	Hours	1,296	1,650	1,220
Training Hours by Gender				
Male	Hours	644	1,499	1,293
Female	Hours	1,986	1,759	1,154
Training Hours by Contract				
Permanent	Hours	2,622	3,142	2,163
Contract	Hours	8	116	283
Average training hours per employee	Hours	9	11	11
Health and Safety				
Number of work-related fatalities	No.	0	0	0
High-consequence injuries	No.	0	0	0
Recordable injuries	No.	0	0	0
Recordable work-related ill health cases	No.	0	0	0
Number of employees trained on health and safety standards	No.	0	57	0

* *Number of lost time injuries in the reporting period / total number of hours worked in the reporting period * 200,000*

Indicator	Unit	FY2023	FY2024	FY2025
Human rights				
Number of substantiated complaints concerning human rights violations	No.	0	0	0
Data Privacy and Security				
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	No.	0	0	0
Total number of incidents of non-compliance with regulations or voluntary codes concerning the health & safety impacts of products and services within the reporting period	No.	0	0	0
Number of recalls issued and total units recalled for health and safety reasons	No.	0	0	0

SUSTAINABILITY TARGET

Building on these performance metrics, DFI looks at specific achievements and ongoing efforts in key sustainability initiatives. DFI Group tracks its sustainability performance through a comprehensive set of value-creation indicators that align with its long-term strategy and commitments to environmental, social and economic responsibility. In line with IFRS S1, the Group sets clear, quantifiable targets for key sustainability areas where feasible while complementing these with qualitative commitments in areas that require more than just numbers to capture DFI's ambitions. The Group regularly evaluates and updates its targets to ensure they remain relevant and ambitious, driving continuous improvement.

The following targets and performance metrics outline DFI's progress and commitment to achieving sustainable value creation:

Pillar	Focus Area	Target	Current Status	Link To Value Creation
Governance	Ethics and Integrity	Zero incidents of corruption and bribery	On Track	Ensures transparency, ethical business conduct and stakeholder trust, enhancing long-term reputation and operational stability.
	Compliance	Zero incidents of non-compliance with laws and regulations	On Track	Enhances operational performance, promotes sustainable practices and strengthens stakeholder confidence.
	Local procurement	Maintaining at least 50% local sourcing of procurement	On Track	Supports local businesses, enhances supply chain resilience and reduces lead times and costs, which in turn fosters local economic growth and operational continuity.
Environment	Waste	Replacing conventional bags with biodegradable or recycled options in the retail business by FY2027	In Progress	Supports the transition to a circular economy, reducing waste and environmental impact.
	Water consumption (m^3)	Reducing water intensity by 3% (using FY2024 as a baseline) by FY2026	Ongoing monitoring	Reduces operational costs while contributing to the responsible use of natural resources.
	Energy consumption (kWh)	Reducing energy intensity by 3% (using FY2024 as a baseline) by FY2026	Ongoing monitoring	Lowers energy consumption in line with cost savings and sustainability goals.
	Emissions	Tracking and measuring climate-related risks and opportunities	Enhanced tracking and monitoring	Enables proactive risk management and strategic decision-making, uncovering new opportunities for sustainable growth.
Social	Gender diversity	Maintaining a gender diversity ratio within the range of 52% to 55% for male employees and 45% to 48% for female employees	On Track	Promoting a balanced workforce enhances innovation, productivity and employee satisfaction.
	Average training hours per employee	Averaging 6 hours per employee	On Track	Fosters a culture of continuous development, improving workforce performance and retention.
	Customer satisfaction	Maintaining customer complaints below 3 cases	On Track	Ensures high service quality and satisfaction, fostering brand loyalty, enhancing reputation and driving long-term customer relationships.

GRI CONTENT INDEX

Statement of use	DFI has reported the information cited in this GRI Content Index for its FY2025 Sustainability Report with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	Front page
	2-2 Entities included in the organisation's sustainability reporting	4-5
	2-3 Reporting period, frequency and contact point	19
	2-4 Restatements of information	No restatement of information
	2-5 External assurance	19
	2-6 Activities, value chain and other business relationships	1-2
	2-7 Employees	53-55
	2-8 Workers who are not employees	54
	2-9 Governance structure and composition	22
	2-10 Nomination and selection of the highest governance body	22, 74-75
	2-11 Chair of the highest governance body	12-13, 22
	2-12 Role of the highest governance body in overseeing the management of impacts	22
	2-13 Delegation of responsibility for managing impacts	22
	2-14 Role of the highest governance body in sustainability reporting	23-24
	2-15 Conflicts of interest	65
	2-16 Communication of critical concerns	17, 26-31
	2-17 Collective knowledge of the highest governance body	12-13
	2-18 Evaluation of the performance of the highest governance body	79
	2-19 Remuneration policies	78-81
	2-20 Process to determine remuneration	78-81
	2-21 Annual total compensation ratio	79-81
	2-22 Statement on sustainable development strategy	20-23
	2-23 Policy commitments	20-23
	2-24 Embedding policy commitments	20-23
	2-25 Processes to remediate negative impacts	28-31
	2-26 Mechanisms for seeking advice and raising concerns	26-28
	2-27 Compliance with laws and regulations	32, 43, 45
	2-28 Membership associations	35
	2-29 Approach to stakeholder engagement	26-28
	2-30 Collective bargaining agreements	47
GRI 3: Material Topics 2021	3-1 Process to determine material topics	28-30
	3-2 List of material topics	29-30
	3-3 Management of material topics	28-31

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GRI STANDARD	DISCLOSURE	LOCATION
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	33, 51
	201-2 Financial implications and other risks and opportunities due to climate change	39-40
	201-3 Defined benefit plan obligations and other retirement plans	44, 47, 51
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	45
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	43
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	52
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	52
	205-2 Communication and training about anti-corruption policies and procedures	25, 51-52
	205-3 Confirmed incidents of corruption and actions taken	51
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	52
	302-2 Energy consumption outside of the organisation	52
	302-4 Reduction of energy consumption	52
GRI 303: Water and Effluents 2016	303-5 Water consumption	52
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	53
	305-2 Energy indirect (Scope 2) GHG emissions	53
	305-3 Other indirect (Scope 3) GHG emissions	53
	305-5 Reduction of GHG emissions	53
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	41-42
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	35
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	56
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	44, 47, 51
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	47
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	45-46
	403-2 Hazard identification, risk assessment, and incident investigation	45-46
	403-4 Worker participation, consultation, and communication on occupational health and safety	45-46
	403-5 Worker training on occupational health and safety	45-46, 57
	403-6 Promotion of worker health	45-46
	403-9 Work related injuries	47, 57

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	57
	404-2 Programmes for upgrading employee skills and transition assistance programmes	43-44
	404-3 Percentage of employees receiving regular performance and career development reviews	100%
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	53-55
	405-2 Ratio of basic salary and remuneration of women to men	45
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	45
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right freedom association and collective bargaining may be at risk	47
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	47
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	47
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	43
GRI 415: Public Policy 2016	415-1 Political contributions	51
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	47-49
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labelling	50
	417-2 Incidents of non-compliance concerning product and service information and labelling	50
	417-3 Incidents of non-compliance concerning marketing communications	49-50
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	50

CORPORATE **GOVERNANCE REPORT**

Duty Free International Limited (the "**Company**") and its subsidiaries (together with the Company, collectively the "**Group**") is committed and dedicated to upholding a high standard of corporate governance within the Group by adopting and complying, where possible, with the Principles and Provisions of the Code of Corporate Governance 2018 (the "**Code**"). The Group believes that good corporate governance is imperative and an integral element of a sound corporation that provides the framework for an ethical and accountable corporate environment, which will protect the interests of the Company's various stakeholders, including employees, suppliers, customers, shareholders ("**Shareholders**"), as well as society at large, promote stakeholders' confidence and create long-term value and return for its Shareholders.

This corporate governance report ("**Report**") outlined the Group's corporate governance practices that were in place throughout the financial year ended 28 February 2025 ("**FY2025**") with reference made to each of the principles and provisions of the 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 FY2025, the Company has generally adhered to the principles and guidelines in the Code, except where otherwise stated. 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 sections.

(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 primary role of the Board is to provide effective leadership and strategic direction to protect and enhance long-term value and return to its shareholders and other stakeholders. The Board oversees the business affairs of the Group and is responsible for overall corporate strategy direction/plans including its financial performance and corporate governance practices of the Group as well as to ensure transparency and accountability to key stakeholder groups. Provision 1.1

Apart from its statutory responsibilities, the Board's principal roles and functions are to:

1. set and direct the strategic objectives for the Group which include appropriate focus on value creation, innovation and sustainability;

2. review and approve the Group's strategic plans, key operational initiatives, major investments and divestments and funding proposal;

3. approve the budget including review the operational and financial performance and/or plans of the business;

4. review and approve the quarterly and full year financial results announcements of the Group including annual reports, circulars and/or material transactions (if any);

5. provide guidance in the overall management of the business and operations of the Group;

6. oversee the processes for risk management, financial reporting, compliance and evaluate the adequacy and effectiveness of internal controls;

7. establish objectives and goals for the management of the Company ("**Management**") and evaluate the performance of the Management, as well as approving the recommended framework of remuneration for the Board and key management personnel ("**KMP**") by the Management;

8. consider sustainability issues including environmental and social factors as part of its long-term strategic formulation.

The Directors, in the course of carrying out their duties and responsibilities at all times, exercise due diligence and independent judgement and are obliged to act in good faith and in the best interests of the Group and its Shareholders at all times.

In addressing and managing conflicts of interests, the 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 is required to recuse him/herself 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.

Continuous training for directors and orientations for incoming directors

The Board ensures that incoming new Director(s) is/are given guidance and orientation (including onsite visits its operational facilities, if necessary) to get familiarised with the Group's business including its structure and strategic directions upon their appointment and to facilitate the effective discharge of their duties.

Provision 1.2
Provision 4.5

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

For newly appointed Director who does not have prior experience as a director of a public listed company in Singapore, the Company will, in addition to the induction as detailed above, arrange for such new Director to attend the SGX-ST's prescribed training courses on the roles and responsibilities of a director of a listed company within one year from the date of his/her appointment to the Board in order to have the relevant knowledge under the Listing Manual and the relevant rules and regulations governing a listed company, unless the Nominating Committee ("**NC**") is of the view that such training is not required because the Director has other relevant experience or knowledge.

The Directors are also kept abreast of developments which are relevant to the Group, which have important bearing on the Group and the Directors' obligations to the Group, from time to time. Relevant updates or new releases issued by the SGX-ST including the Code or Listing Manual of SGX-ST ("**Listing Manual**") (if applicable) and the Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors or new articles/reports (if any) which are relevant to the Group are circulated to all the directors from time to time. The Group's external auditors also provide periodic briefing to the Audit Committee ("**AC**") on changes or amendments to the accounting standards and their impact on the financial statements, if any.

During FY2025, the Company appointed the following three (3) new Directors on 2 May 2024 as part of the Board renewal process. These newly appointed Directors of the Company had also attended the prescribed training on the roles and responsibilities of a director of a listed issuer which was organised by Singapore Institute of Directors in compliance with Rule 210(5)(a) of the Listing Manual:

(i) Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B);

(ii) Quek Meng Teck, Derrick; and

(iii) Haslin binti Osman

In addition, all Directors of the Company have also attended and completed the mandatory sustainability training on Environmental, Social and Governance Essentials organised by Singapore Institute of Directors in compliance with Rule 720(7) of the Listing Manual.

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, if needed and meet the Management so as to gain a better understanding of the Group's businesses.

The Directors are conscious of the importance of continuing education in areas such as legal and regulatory responsibilities and accounting issues, so as to update and refresh themselves on matters that may affect their performance as a Board, or as a member of a Board committee by attending training for Directors on such relevant new laws, regulations and changing commercial risks from time to time when appropriate. Such conferences and seminars as well as other training courses will be arranged and funded by the Company for all Directors, if required.

Matters requiring Board's approval

The Board has adopted a set of internal guidelines setting out matters reserved for the Board's approval. Matters that require the Board's decision or approval are clearly communicated to the Management in writing, which include but not limited to the following: Provision 1.3

(i) material investments, divestments, joint ventures, acquisitions and/or disposal of assets;

(ii) annual budget;

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

(iv) approval of the annual reports, sustainability reports and/or audited financial statements;

(v) approval of the interested person transactions (as defined under Chapter 9 of the Listing Manual);

(vi) declaration of interim dividends, proposal of final dividends and/or other returns to shareholders;

(vii) convening of general meetings;

(viii) Change of Directors (including the Board Committees) and KMP;

(ix) all capital-related matters including issuance of new shares or changes in the capital of the Company; and

(x) any other matters as prescribed under the relevant legislations and regulations, as well as the provisions of the Company's Constitution ("**Constitution**").

While matters relating to the Group's strategies and policies require the Board's decision and approval, the Management is responsible for the day-to-day operations and administration of the Group.

Delegation of authority to Board Committees

To facilitate strategic oversight over the Company and discharge its responsibilities effectively and efficiently, the Board has established a number of Board committees, namely AC, NC and Remuneration Committee ("**RC**") (collectively, "**Board Committees**") and delegated certain functions to the Board Committees. Committees or sub-committees may be formed from time to time to address specific areas as and when the need arises. Provision 1.4

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. All the Board Committees, consist of a majority of Independent and Non-Executive Directors ("**Independent Directors**"), are chaired by Independent Director.

The Board accepts that while the Board Committees have delegated power to make decisions, execute actions or make recommendations in their specific areas respectively, the ultimate responsibility for the decisions and actions vests with the Board and the chairman of each Board Committee will report back to the Board with its decisions and/or recommendations.

Membership of the Board Committees is designed to distribute the responsibilities over the various Board members and to utilise each individual's diversity and experience. The Board reviews from time to time, the committee structure, the membership, their terms of reference, and as and when there are changes to Board composition, and changes are made, where appropriate. Considerations include ensuring there is an appropriate breath of skills and continuity of experience in the respective Board Committees and an equitable and balanced distribution of duties among Board members.

Further details of the composition, terms of reference, duties and functions for the respective Board Committees are disclosed in this Report.

Meetings of Board and Board Committees

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. The Board and Board Committees' meetings are scheduled well in advance in consultation with the Directors. Provision 1.5

To ensure maximum Board participation, the Constitution and the terms of reference of the Board Committees allow the Board and Board Committees' meetings to be held via conference telephone, video-teleconference or similar communications equipment of which all persons participating in the meeting can hear each other, without a director being in the physical presence of another director or directors. Important matters concerning the Group are also put to the Board and Board Committees for its decision by way of written resolutions. Minutes of the Board and Board Committees' meetings are made available to all Board members, if requested and in the absence of any conflict.

Presentations and updates given by key executives at the Board meetings allow the Board to develop a good understanding of the progress of the Group's business and issues and challenges the Group is faced with, as well as promote active engagement between Board members and the key executives. Any risk management or other major issues, that are relevant to the Company's performance or position are also highlighted to the Board.

The attendance record of the Directors during FY2025 at the Board and Board Committees' meetings held during the period in which they were directors is tabulated below:

Name of Director	**No. of Meetings attended / No. of Meetings held**			
	Board	**AC**	**NC**	**RC**
Dato' Sri Adam Sani bin Abdullah	6/6	–	1/1	1/1
Lee Sze Siang	6/6	5/5*	–	–
Chew Soo Lin[(1)]	6/6	5/5	1/1	–
Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B)[(2)]	5/5^	4/4^	–	–
Haslin binti Osman[(2)]	5/5^	4/4^	–	–
Quek Meng Teck, Derrick[(2)]	5/5^	4/4^	–	–
General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired)[(3)]	2/2^	2/2^	1/1^	1/1^
Dato' Megat Hisham bin Megat Mahmud[(3)]	2/2^	2/2^	–	1/1^

* *By invitation*

^ *Based on the total number of meetings held during the Director's tenure in office*

(1) *Relinquished his position as member of NC at the conclusion of the annual general meeting held on 26 June 2024 ("**2024 AGM**")*

(2) *Appointed as Director of the Company with effect from 2 May 2024*

(3) *Resigned as Director of the Company at the conclusion of 2024 AGM*

Access to information

Provision 1.6

The Board is provided with complete and adequate information on a timely manner, prior to Board and Board Committees' 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. However, sensitive matters may be tabled at the meeting itself or discussed without board papers being distributed. If any Director is unable to attend any scheduled meetings, he or she may dial in, or provide any comments to the Chairman of the Board, or the Executive Director. Minutes of the previous meetings are circulated in advance and confirmed at Board meetings.

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.

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. All Directors have unrestricted access to the Management and are free to request additional information when necessary and Management shall provide the same for them to make informed decisions and discharge their duties and responsibilities.

The Management and the Company's internal and external auditors, who can provide insight and views on matters under discussion, are also invited from time to time to attend Board or Board Committees' meetings and to respond to any queries that the Directors may have. When circumstances require, the Directors may exchange views outside the formal environment of Board Committees' meetings.

Separate and independent access to Management and Company Secretary

Provision 1.7

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.

The role of the Company Secretary is clearly defined and includes responsibility for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. As secretary for all Board Committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the Board Committees and the Management. The Company Secretary assists the Chairman of the Board, the Chairman of Board Committees and the Management in the development of the agendas for the Board and Board Committees' meetings. The Company Secretary, together with other management staff of the Company, also ensures that the Company complies with the applicable statutory and regulatory rules.

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 the chairman of the Board Committees 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, Constitution and terms of reference are complied with. During FY2025, the Company Secretary and her representative attended all the Board and Board Committees' meetings, and the minutes of respective meetings are also circulated to the Board for review and approval.

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.

Independence of Directors

The NC is tasked to determine the independence of a director annually and as and when the circumstances require whether a director is independent, taking into consideration the Listing Manual, the Code, its accompanying Practice Guidance as well as whether there is any circumstance or relationship that might impact the Director's independence or perception of independence. Provision 2.1

In determining whether a director is independent, 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. The NC also reviews the independence of Directors based on Rule 210(5)(d) of the Listing Manual which sets out the specific circumstances in which a director should be deemed non-independent. These circumstances include:

(1) a director who is being employed by the Company or any of its related corporations for the current or any of the past three financial years;

(2) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC; or

(3) if a director has been a director for an aggregate period of more than nine years (whether before or after listing) such that he may be considered as independent upon the conclusion of the next annual general meeting of the Company.

Each Independent Director is required to complete an annual confirmation of independence and self-declaration (the "**Declaration**") and to declare whether they consider themselves independent even if they have any of the relationships which are deemed to be non-independent based on the standards of independence in the Code. Such declarations assist the NC in its determination of the Directors' independence.

Based on the Declaration submitted by the Independent Directors in office as at 28 February 2025, 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 Board has accepted the NC's assessment of Directors' independence.

The Board recognises that Independent Directors may over time develop significant insights in the Group's business and operations and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the Independent Directors must be based on their professionalism, integrity, objectivity as well as they possess core competencies such as financial, accounting and legal and not merely based on form such as the number of years which they have served on the Board.

As at the date of this Report, none of the existing Independent Directors of the Company have served on the Board for a period exceeding nine years from the date of their appointments.

Each member of the NC and the Board recused themselves from the deliberations on their independence.

Proportion of Independent Non-Executive Directors

The Non-Executive Chairman, Dato' Sri Adam Sani bin Abdullah, is not independent in accordance with the definition of the Code. The Company notes that the current Board composition is not in compliance with Provision 2.2 of the Code that the Independent Directors make up a majority of the Board where the Chairman is not independent. Nonetheless, the Independent Directors make up half of the Board and the Company had appointed Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) as the Lead Independent Director, to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent.

Provision 2.2

This provides a strong and independent element on the Board and 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. Therefore, the NC considered the Board has sufficient independent element and its composition is appropriate to facilitate effective decision-making, and no individual or small group of individuals dominates the Board's decision-making process. The Board is able to exercise objective judgement independently from Management on corporate affairs of the Group as Independent Directors constitute half of the Board.

Board composition, size and diversity

As of the date of this Report, the Board comprises the following six Directors, of whom two are Non-Independent and Non-Executive Directors, one is Executive Director and the remaining three are Independent Directors:

Provision 1.4
Provision 2.3
Provision 2.4

Non-Independent and Non-Executive Directors

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

Executive Director

Lee Sze Siang

Independent Directors

Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) (Lead Independent Director)
Quek Meng Teck, Derrick
Haslin binti Osman

The details of the Board composition as of the date of this Report are summarised as follows:

Name of Director	Designation	Date of First Appointment	Date of Last Re-election	AC	NC	RC
Dato' Sri Adam Sani bin Abdullah	Non- Executive Chairman	7 January 2011	26 June 2024	–	Member	Member
Lee Sze Siang	Executive Director	13 August 2010	27 June 2023	–	–	–
Chew Soo Lin [(1)]	Non-Independent Non-Executive Director	26 August 2011	26 June 2024	Member	–	–
Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) [(2)]	Lead Independent Director	2 May 2024	26 June 2024	Member	Chairman	Member
Haslin binti Osman [(3)]	Independent Director	2 May 2024	26 June 2024	Member	–	Chairman
Quek Meng Teck, Derrick [(4)]	Independent Director	2 May 2024	26 June 2024	Chairman	Member	–

(1) *Chew Soo Lin has been re-designated as Non-Independent Non-Executive Director and relinquished his position as member of NC at the conclusion of 2024 AGM.*

(2) *Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) has been redesignated as Lead Independent Director and Chairman of NC at the conclusion of 2024 AGM.*

(3) *Haslin binti Osman has been re-designated as Chairman of RC at the conclusion of 2024 AGM.*

(4) *Quek Meng Teck, Derrick has been re-designated as Chairman of AC at the conclusion of 2024 AGM.*

The profiles of each of the Directors are set out on pages 12 to 13 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. A diverse Board will include and make good use of differences in the skills, industry knowledge and professional experience, cultural and education background and other qualities of the Directors and does not discriminate on the ground of race, age, gender or religious belief.

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 and succession planning, 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 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.

The targets, the plans and timelines and the progress towards achieving the diversity objectives are summarised below:

(a) <u>Diversity of Gender</u>

The Board recognises gender as one of the important aspects of diversity.

As of the date of this Report, the Company has appointed one female director, namely Haslin binti Osman, as Independent Director of the Company with effect from 2 May 2024.

Following the appointment, the Board comprises one female director and five male directors, which represents 16.67% of the existing Board composition.

The NC will work towards fostering and maintaining gender diversity, following a merit-based approach that considers the necessary skills, experience, independence, and knowledge required by the Board to effectively fulfil its responsibilities.

(b) <u>Diversity of Age</u>

There is no age limit for the Directors as weight should be given to suitable candidates with reputed and experience.

While no specific targets have been set for age diversity, the existing Board comprises of Directors from a diverse age group with ages ranging from mid 40s to more than 70 years old and possess appropriate mix and balance of diversity of skills, independence, knowledge and experience which allow for effective direction for the Group.

Nonetheless, the Company will endeavour to promote age diversity when considering the composition of the Board for any appointment. At the same time, the Company continues to value the contribution of its Board members regardless of age.

(c) <u>Tenure of Service of Board of Directors</u>

Pursuant to Rule 210(5)(d)(iv) of the Listing Manual, a director who has been a director of the Company for aggregate period of more than nine years will not be independent. Such director may continue to be considered independent until the conclusion of the next annual general meeting and shall either step down or re-designated as Non-Independent Non-Executive Director upon the conclusion of the said annual general meeting.

As such, the tenure of each Independent Director is monitored closely every year so that the process for Board renewal is reviewed and considered ahead of any independent Director reaching the nine-year mark to facilitate a smooth transition and to ensure that the Board continues to have an appropriate level of independence.

(d) Diversity of Expertise

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.

The existing Board comprises of Directors who as a group have an appropriate balance and mix of skills, knowledge, experience and diversity of thought, so as to foster constructive and robust debate and avoid groupthink.

In addition, the Company will also ensure that at least two Board members who have relevant accounting or related financial management expertise or experience sit in the AC to comply with the Provision 10.2 of the Code.

For achieving an optimal Board, additional measurable objectives/specific diversity targets may be set and reviewed from time to time to ensure their appropriateness.

(e) Independence

The Company believes that the Board's independence enables the Board to function effectively at an optimum level during the year and exercise objective judgment on corporate affairs independently.

As at 28 February 2025, the Board comprises of six (6) members of which three (3) were Independent Directors. The Board maintains the proportion of independent Board members, which make up more than one-third of the Board, in compliance with Rule 210(5)(c) of the Listing Manual.

The NC is tasked to review the Board Diversity Policy and its targets for diversity from time to time and to ensure its continued effectiveness and alignment with best practice and the requirements of the Code and any other relevant legislation. Any revisions or improvements, where necessary, will be recommended to the Board for approval as well as any further progress made towards the said policy will be disclosed in future Reports, as appropriate.

The Board has taken the following steps to maintain or enhance its balance and diversity:

(a) annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

(b) annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the potential gaps in the areas of expertise and competencies of the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors. The NC will also continuously review the composition of the Board so that it will have the necessary competency to be effective.

The NC will further consider other aspects of diversity such as skills, knowledge, professional and commercial experience, gender, age, length of service and other relevant factors. In addition, NC has also assessed the current level of diversity on the Board to be satisfactory and thus, the Company takes the approach that maintaining a satisfactory level of diversity is an on-going process. Accordingly, the current plan is to monitor and assess, alongside developments in the Group's operations, whether the current Board composition presents a satisfactory level of diversity and allows for effective collaboration between and contribution by the Directors.

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. As at the date of this Report, the Board is confident that its directors possess the essential competencies and knowledge required to effectively lead and govern the Group and that its existing composition achieves a diversity of skills, knowledge and experience to the Company which summarised as follows:

Diversity of the Board	**Number of Directors**	**Proportion of Board**
Core Competencies		
Accounting or finance or legal or corporate governance	4	66.67%
Business management, business acumen, management consultancy experience, or strategic planning experience	6	100%
Relevant industry knowledge or experience	4	66.67%
Gender		
Male	5	83.33%
Female	1	16.67%
Age		
49 and below	1	16.67%
50 to 69	3	50.0%
70 and above	2	33.33%

Non-Executive Directors and Independent Directors do not participate in the Group's management functions. 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.

Meetings without the presence of Management

The Company co-ordinates informal meeting sessions for Independent Directors to meet without the presence of the Management to discuss matters related to the Group, including performance of the Management as well as to review any other matters that must be raised privately. 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

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.

Presently, Lee Sze Siang is an Executive Director of the Company and assumed the roles and responsibilities of the CEO, including: Provision 3.1

(i) overseeing, formulating and execution of strategic business directions for the affairs of the Group;

(ii) overseeing the day-to-day business operations and business development of the property and investment holding segments of the Group; and

(iii) undertaking such duties and exercising such powers in relation to the Group and its businesses as the Board shall from time to time properly assign to or vest in him in his capacity as Executive Director and all other matters incidental to the same.

The Group's Chairman, Dato' Sri Adam Sani bin Abdullah, is a Non-Independent 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) leading the Board to ensure its effectiveness on all aspects of its role;

(ii) setting the meeting agenda and ensuring that all Board meetings are convened and held as and when required, in particular strategic issues;

(iii) ensuring that the Directors receive accurate, timely and clear information, and ensuring effective communication with key stakeholders, including shareholders and management from time to time;

(iv) ensuring that proper procedures are set to comply and promote high standards with the Code; and

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

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

Lead Independent Director

In line with Provision 3.3 of the Code, the Board has appointed Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) 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 or inadequate. Provision 3.3

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.

Composition of NC

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 4.2

1. Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B)
(Chairman) (Lead Independent Director)

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

3. Quek Meng Teck, Derrick
(Member) (Independent Director)

Terms of Reference of NC

The NC, which has written terms of reference, is responsible: Provision 4.1

(a) reviewing nominations for the appointment or re-appointment of the Directors, having regards to each Director's contribution, commitment, competencies and performance;

(b) determining annually whether or not a director is independent, guided by the Code regarding independence;

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

(f) 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;

(g) reviewing training and professional development programs for the Board and its Directors; and

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

Selection, Appointment, and Re-appointment of Directors

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 in the Board Diversity Policy, in order to maintain an appropriate range and balance of skills, experience and background on the Board. Provision 4.3

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.

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.

In FY2025, the Company has received nomination of four potential candidates through internal resources and referrals from the existing Directors in order to assess their suitability, independency and other aspects such as experience for the position, knowledge, qualification and etc. After reviewed and assessed, the Board has accepted the recommendation from the NC and appointed three new directors, namely Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B), Haslin binti Osman and Quek Meng Teck, Derrick based on merits as well as who possess a variety of skill sets, including finance and accounting, management and industry experience and knowledge as Independent Non-Executive Directors of the Company with effect from 2 May 2024, as part of the renewal process.

All three new Independent Directors who have no prior experience as a director of an issuer listed on the SGX-ST, had also completed the prescribed training on the roles and responsibilities of a director of a listed issuer and the mandated sustainability training within one year from their date of appointment in compliance with Rule 210(5)(a) of the Listing Manual.

Process of re-appointment of Directors

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 2.4 of this Report.

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/her re-nomination as a Director.

At the forthcoming AGM, the following Directors are subject to retirement by rotation pursuant to the Regulation 104 of the Company's Constitution:

(i) Lee Sze Siang; and

(ii) Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B).

(collectively, known as "**Retiring Directors**")

The NC and the Board have evaluated the participation of the Retiring Directors at the Board and Board Committees' meetings and determined that they have been objective and independent minded in Board deliberations as well as their vast experience enables them to provide the Board and the Board Committees on which they serve, with pertinent experience and competence to facilitate sound decision-making and able to discharge their duties with integrity and competency.

The NC has recommended to the Board that the Retiring Directors be nominated for re-election at the forthcoming AGM. After review, the Board has accepted the recommendation of the NC, and the Retiring Directors have also offered themselves for re-election at the forthcoming AGM.

Key information on Directors seeking re-election pursuant to Rule 720(6) of the Listing Manual are set out on pages 176 to 177 of this Annual Report.

NC to determine Director's Independence

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

Each Independent Director is required to complete a Declaration to confirm his/her independence. The Declaration is drawn up based on the guidelines provided in the Code. Based on the Declaration submitted by each of the Independent Directors in office as at 28 February 2025, 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. Thereafter, the NC recommends its assessment to the Board.

Commitments of Directors sitting on multiple Board

Despite some of the Directors having other Board representations, the NC and the Board were satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company at all times and sufficient time and attention had been given to the affairs of the Company by the Directors. Meetings of the Board and Board Committees are scheduled in advance to ensure that the Directors have sufficient time to plan their schedules accordingly. The relevant Directors' multiple directorships are disclosed in the Directors' profile. Provision 4.5

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. Each Director has objectively discharged his/her duties and responsibilities at all times as a fiduciary in the interest of the Company.

The NC and the Board are of the view that the assessment of whether each Director is able to devote sufficient time to discharge his/her duties should not be restricted to only the number of board representations as it is for each Director to assess his/her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC, with the concurrence of 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.

There was no alternate Director being appointed to the Board in FY2025.

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

The NC has reviewed the overall performance of the Board, Board Committees and each Director and the Chairman for FY2025 and is satisfied that the Board as a whole and Board Committees have met the performance evaluation criteria and objectives and each Director and the Chairman has contributed effectively and demonstrated commitment to his respective role, including commitment of time for the Board and Board Committee meetings and any other duties in FY2025.

Any renewal or 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. For the financial year under review, no external facilitator was engaged by the Company during the evaluation process.

(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.

<u>*Composition of RC*</u>

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

1. Haslin binti Osman
   (Chairman) (Independent Director)

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

3. Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B)
   (Member) (Lead 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.

<u>*Terms of Reference of RC*</u>

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 the Executive Director and KMP;

(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 KMP; 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 KMP 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

RC's access to independent advice

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.

Remuneration Structure of Executive Director and KMP

In determining the remuneration packages, the RC takes into account the industry norms, the Group's performance as well as the contribution and performance of each Director and KMP. The remuneration for the Executive Director and KMP 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 the Executive Director and each individual KMP. Provision 7.1

Remuneration Structure of Independent Directors and Non-Executive Directors

The Independent Directors and Non-Executive Directors receive Directors' fees in accordance with their level of 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. Provision 7.2

The payment of Directors' fees is subject to approval of the Shareholders at each AGM. 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.

Retention of Executives Director and KMP

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Director and KMP 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. Provision 7.3

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 KMP, the RC has considered the compensation and benefits which commensurate with the level of the Executive Director and KMP'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 with a breakdown in percentage for FY2025 are as follows:

Name of Director	Salary	Bonus	Directors' Fees	Meeting Allowance[(1)]	Others Emoluments[(2)]	Total
	%	%	%	%	%	S$
Dato' Sri Adam Sani bin Abdullah	–	–	92.59	7.41	–	40,500
Lee Sze Siang	59.59	19.86	–	–	20.55	108,551
Chew Soo Lin	–	–	90.91	9.09	–	38,500
Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B)[(3)]	–	–	90.67	9.33	–	32,167
Haslin binti Osman[(3)]	–	–	90.67	9.33	–	32,167
Quek Meng Teck, Derrick[(3)]	–	–	91.24	8.76	–	34,250
General Tan Sri Dato' Seri Mohd Azumi bin Mohamed (Retired)[(4)]	–	–	92.11	7.89	–	12,667
Dato' Megat Hisham bin Megat Mahmud[(4)]	–	–	92.59	7.41	–	13,500

(1) *Meeting allowance paid/payable to Non-Executive Directors based on actual attendance of meetings by the Directors.*
(2) *Includes the employer's contributions to the defined contribution plan and social security schemes.*
(3) *Appointed as Director of the Company with effect from 2 May 2024*
(4) *Resigned as Director of the Company at the conclusion of the 2024 AGM*

For FY2025, the Board decided to maintain the Directors' fees at the same fee structure as the previous financial year for Non-Executive Directors in the following manner:

	Fees per year (S$)
Non-Executive Director	35,000
Additional fee for:	
Board Chairman	2,500
AC Chairman	2,500

Such fee will be paid to the Non-Executive Directors on a pro-rated basis according to each Non-Executive Director's tenure in office. Additionally, a meeting allowance will be accorded to Non-Executive Directors based on actual attendance of meetings by the Directors, forming part of the Directors' remuneration. The proposed Directors' remuneration for FY2025, totalling up to S$203,751, comprises Directors' fee of S$186,251 and meeting allowance of S$17,500 will be presented to shareholders for approval at the forthcoming AGM. For FY2024, the Directors' fee was S$145,000 which had been approved by the shareholders at the 2024 AGM.

For FY2025, the Group had identified the following KMP (who are not Directors or the CEO of the Company) and the details of remuneration paid to the KMP of the Group (who are not Directors or the CEO of the Company) are set out below:

Remuneration Band and Name of KMP	Salary and Bonus	Other Benefits	Total
	%	%	%
Below S$250,000			
Cheah Im Bee [(1)]	29	71	100
Tneh Shu Hoay [(2)]	100	–	100
Stuart Saw Teik Siew	100	–	100
Ng Chun How	100	–	100
Tee Lay Yen	100	–	100
Ooi Poay Hoon [(3)]	100	–	100

(1) *Cheah Im Bee had resigned as Financial Controller of the Group with effect from 9 May 2024.*
(2) *Tneh Shu Hoay was appointed as Financial Controller of the Group with effect from 9 May 2024.*
(3) *Ooi Poay Hoon had resigned as Senior Manager-Group Merchandising & Marketing with effect from 30 June 2024*

The aggregate total remuneration paid to the KMP of the Group (who are not Directors or the CEO of the Company) for FY2025 amounted to approximately S$559,000.

The Company does not have any employee share option scheme or any long-term incentive scheme in place during FY2025.

Other than the gratuity of RM300,000 paid to Cheah Im Bee who has resigned from office as the Group Financial Controller on 9 May 2024, there were no terminations, retirement or post-employment benefits granted and paid to the Directors, CEO and KMP during FY2025.

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 the KMP 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.

The RC has reviewed the practice of the industry in weighing the advantages and disadvantages of such disclosure. As a Company with a small and tightly knit team, such disclosure may adversely affect the cohesion and spirit of teamwork prevailing amongst the employees of the Group and also retaining talent at the Board and top management level. Non-disclosures maintain confidentiality of remuneration, prevent poaching and also prevent internal comparison and maintain morale.

Notwithstanding that the Company did not disclose the exact remuneration of the KMP (who are not Director or CEO of the Company) in its Annual Report for FY2025, 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.

Remuneration of Employees who are Substantial Shareholder, or Immediate Family Members of Directors, the CEO and/or Substantial Shareholders of the Company

There are no employees who are the 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 FY2025. 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.

Risk Management System

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.

Assurance from Executive Director, Financial Controller and KMP

The Board has received assurance from: Provision 9.2

(i) the Executive Director and the Financial Controller that the financial records have been properly maintained and the financial statements for FY2025 give a true and fair view in all material respects of the Company's operations and finances; and

(ii) the Executive Director, Financial Controller and KMP who are responsible that 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 controls of the Group for FY2025.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Composition AC

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

1. Quek Meng Teck, Derrick
(Chairman) (Independent Director)

2. Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B)
(Member) (Lead Independent Director)

3. Haslin binti Osman
(Member) (Independent Director)

4. Chew Soo Lin
(Member) (Non-Independent Non-Executive Director)

All four members of the AC are Non-Executive Directors, of whom three of them, including the AC Chairman are Independent Directors. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience. 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.

Terms of Reference of 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 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 records and 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 ACRA Quality Indicators Disclosure Framework relating to the audit firms' level. 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 firm for its Singapore-incorporated subsidiary would not compromise the standard and effectiveness of the audit of the Group.

Relationship with External Auditors

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 FY2025, 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 FY2025. Please refer to the page 101 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 and fair value less costs of disposal calculations. The recoverable amount of the CGU was determined based on the higher of value-in-use and fair value less costs of disposal. The value-in-use was determined using probability-based cash flow projections. 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. The fair value less costs of disposal calculations was derived from the market capitalisation for the Company adjusted for the other net assets of the Company. 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 FY2025. Please refer to the pages 101 to 102 of this Annual Report.

The AC has met separately with the external auditors and internal auditors without the presence of the Management to discuss their findings and provide opportunities for the external auditors and internal auditors to bring to its attention any significant matters encountered during the course of their audit in FY2025. Provision 10.5

The AC has 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 FY2025, the aggregate amount of fees paid or payable to the Company's external auditors, Messrs Ernst & Young LLP, was S$79,800, comprising approximately S$76,000 of audit fees and S$3,800 of non-audit fees; whereas the aggregate amount of audit fees paid or payable to other auditors of the Group was S$165,000 with no non-audit fees paid or payable to the other auditors of the Group. The breakdown is also set out in Note 7 of the Consolidated Audited Financial Statements of the Group for FY2025.

Whistleblowing Policy

The Group has implemented a whistleblowing policy ("**WB Policy**") whereby accessible channels are provided for employees to raise concerns about possible irregularities or malpractice within the Group 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: Provision 10.1

(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 identity of the whistleblower is kept 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.

During FY2025, no whistle-blowing reports were received and reported to the AC Chairman via the channel set out in the WP Policy.

Internal Audit Function

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. The AC also decides on the appointment, termination and remuneration of the head of the internal audit function. Provision 10.4

In FY2025, the Group's internal audit team was headed by Muhamad Anwar Mustaffa, an Associate Member of the Institute of Internal Auditors Malaysia and Certified Practising Accountant Australia. He has more than fifteen years of experience in the audit field, particularly ten 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 internal auditors had submitted a report to AC on their work conducted for FY2025. Management is working to ensure that timely and proper implementation of improvement measures are closely monitored, and a follow-up review will be carried out by the internal auditors at a later as well as provides the necessary co-operations to enable the internal auditors to perform its function. Internal auditors plan their internal work schedules in consultation with, but independent of management. The audit plan is examined and submitted to the AC for approval prior to the commencement of the internal audit work. In addition, the internal auditors may be involved in an ad-hoc assignment initiated by the Management which requires the assistance of internal controls in specific areas of concerns from time to time, if any.

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.

Provision of Information to Shareholders

The Board is mindful of its obligation to release timely and fair disclosure of material information and 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 material developments that impact the Group via SGXNet on an immediate basis. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables Shareholders to make informed decisions in respect of their investments in the Company and will ensure that all information disclosed is as descriptive, detailed and forthcoming as possible. 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.

All shareholders are entitled to attend the Company's general meetings and are encouraged to attend and 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 circulated 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) by electronic means via publication on SGXNet and the Company's corporate website at https://ir.dfi.com.sg/. 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 will be holding its AGM in respect of FY2025 physically ("**2025 AGM**") on 23 June 2025. The Shareholders are invited to attend the Company's AGM 2025 in person. The notice of 2025 AGM, proxy form, Annual Report 2025 and its Appendix in relation to the Proposed Renewal of the Share Purchase Mandate ("**Appendix**"), will be made available to the shareholders via electronic means via the publication on SGXNet and the Company's corporate website at https://ir.dfi.com.sg/. The Shareholders will also receive a physical copy of the Notice of 2025 AGM, proxy form and request form for physical copy of Annual Report 2025 and Appendix via post. The Shareholders who wish to receive a physical copy of Annual Report 2025 and Appendix may submit the request form to the Company within the prescribed timeline in the request form.

Separate resolutions at General Meetings

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. The detailed results of each resolution will be announced via SGXNet after the general meetings on the same day. Provision 11.2

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.

No resolutions were "bundled" and tabled to the Shareholders of the Company at 2024 AGM and 2025 AGM for approval.

Attendees at General Meetings

All Shareholders are entitled to attend general meetings of the Company and are given the opportunity to raise questions to the Board, participate effectively and to vote accordingly. Provision 11.3

The Directors, in particular, the respective Chairman of the Board Committees and the Management are generally in attendance at the AGM and other general meetings to assist the Company in addressing any relevant queries by the Shareholders. The Company's external auditors are also present at the AGM to address Shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

For 2024 AGM, save for the Non-Executive Chairman of the Company and the following outgoing Directors, all the other Directors in office as at the date of the 2024 AGM and the external auditors have attended the 2024 AGM held on 26 June 2024:

(i) General Tan Sri Dato' Sri Mohd Azumi bin Mohamed (Retired)

(ii) Dato' Megat Hisham bin Megat Mahmud

Voting in Absentia

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 11.4

Minutes of General Meeting

Under Provision 11.5 of the Code, the Company should publish the minutes of general meetings of shareholders on SGXNet and/or its corporate website as soon as practicable and such minutes shall record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and management. The minutes of the general meetings which include substantial comments or queries from shareholders and responses from the Board and Management, will be published on SGXNet and the Company's corporate website at https://ir.dfi.com.sg/ within one month after the general meetings. Provision 11.5

For 2024 AGM, the Company has published the minutes of the 2024 AGM proceedings on 24 July 2024 via SGXNet and its corporate website at https://ir.dfi.com.sg/.

Dividend Policy Guideline

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. Provision 11.6

Nonetheless, the Company had declared two (2) interim dividends for FY2025, which the details is summarised as follows:

Date of declaration	Type of dividend	Amount of dividend per ordinary share	Date of dividend payment
10 July 2024	First one-tier tax exempt interim dividend	S$0.001	8 August 2024
13 January 2025	Second one-tier tax exempt interim dividend	S$0.0055	7 February 2025

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.

Communication with Shareholders

The Board places great emphasis on investor relations. The Company strives to maintain a high standard of transparency and promote better investor communication. The Company believes that a high standard of disclosure is essential to raise the level of corporate governance. Interim and full year results and press releases (if any) are published on SGXNet. All information on the Company's new initiatives is first disseminated via SGXNet followed by a press release, where appropriate. Provision 12.1

In line with the continuous disclosure obligations under the requirements of the Listing Manual and requirements of the Act, the Board informs the shareholders promptly of all major developments that may have a material impact on the Group.

The Company's general meetings are the principal forum for dialogues with its shareholders where the Board and Management address shareholders' concerns, if any. The Company may also solicit views or inputs of the Shareholders during general meetings.

Investor Relations Policy

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.

Provision 12.2
Provision 12.3

Communication to shareholders by the Company is made through:

(i) annual reports that are prepared and circulated 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; 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.

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.

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 2024 which was published together with its Annual Report 2024 on 10 June 2024. The Sustainability Report for FY2025 is released together with this Annual Report which detailed information is set out in pages 17 to 61 of this Annual Report.

Provision 13.1
Provision 13.2

In FY2025, the Group has reported its sustainability performance in accordance with the SGX Sustainability Report Guide, with reference to the Global Reporting Initiative reporting framework and has aligned its climate-related disclosures with the Task Force on Climate-related Financial Disclosures in the four key areas of governance, strategy, risk management and metrics and target. It has also mapped the material environmental, social and governance topics to the United Nations Sustainable Development Goals and will continually review the Group's sustainable business strategy to improve the stewardship and reporting format. Detailed information is set out in this Annual Report at pages 17 to 61.

Corporate Website

The Company maintains a corporate website which is updated regularly with the information released on SGXNet and business developments of the Group to communicate and engage with the stakeholders. The stakeholder can assess the relevant materials such as financial information, corporate announcements, press releases, annual reports, sustainability reports and the profile of the Group via the corporate website at https://ir.dfi.com.sg/. Provision 13.3

(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 issues circular to its officers (includes directors and employees) to remind them that they 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	5,000	–

The Company does not have any existing general mandate from the 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 FY2025, or if not then subsisting, entered into since the end of the previous financial year ended 29 February 2024.

(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 ("**Placement Exercises**").

As at the date of this Report, the Company has utilised the net proceeds from the Placement Exercises as detailed below:-

Description	**90% for general corporate requirements including but not limited to acquisition and funding of potential business opportunities (S$'000)**	**10% for general working capital including but not limited to renovation and upgrading of business outlets (S$'000)**	**Net total (S$'000)**
Net Proceeds	39,240	4,360	43,600
Net Proceeds utilised as announced on 8 August 2018[(a)], 9 November 2018[(b)], 5 December 2018[(c)] and 7 December 2021[(d)(e)]	18,729	4,348	23,077
Balance of Net Proceeds as at the date of this Report	**20,511**	**12**	**20,523**

(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**

DIRECTORS' **STATEMENT**

The directors are pleased to 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 2025.

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 2025 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
Chew Soo Lin	Non-Independent Director
Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B)	Lead Independent Director
Haslin binti Osman	Independent Director
Quek Meng Teck, Derrick	Independent Director

Arrangements to enable directors to acquire shares or debentures

Except as described 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 01.03.2024**	**As at 28.02.2025**	**As at 01.03.2024**	**As at 28.02.2025**
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	3,179,399	133,000[(2)]	133,000[(2)]
Quek Meng Teck, Derrick	320,000	320,000	–	–
Ordinary shares in the immediate holding company				
Atlan Holdings Bhd				
Dato' Sri Adam Sani bin Abdullah	–	–	130,319,214[(3)]	135,819,214[(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 2025.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, warrants or debentures of the Company or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company or any related corporation in the Group.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or any related corporation in the Group.

There were no unissued shares of the Company or any related corporation in the Group under option at the end of the financial year.

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
29 May 2025

INDEPENDENT **AUDITORS' REPORT**

For the financial year ended 28 February 2025
To the Members of Duty Free International Limited

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 2025, 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 material accounting policy information.

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 2025 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 2025, the net carrying amount of the Group's PPE and ROUA is RM47.3 million and RM98.7 million, which represents 27% and 57% of the non-current assets respectively. During the year ended 28 February 2025, management recognised an impairment loss of RM109,000 on PPE and an impairment loss of RM219,000 on ROUA 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 and it involved significant management judgment. Hence, we consider this to be a key audit matter.

For outlets with indicators of impairment, 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 for the probability-based cash flow projections, 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 the passenger traffic for outlets located at land borders. We assessed the reasonableness of the revenue growth rates and budgeted gross margin, taking into consideration past performance and recovery growth in the current year, 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 the cost optimization measures undertaken by the Group. 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 23 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 2025. During the year ended 28 February 2025, management did not recognise any further impairment on goodwill. Investment in subsidiaries amounted to RM229.3 million, net of accumulated impairment losses of RM679.4 million as at 28 February 2025. During the year ended 28 February 2025, management recognised net impairment losses on investment in subsidiaries of RM407.0 million based on their expected recoverable values. 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.

Key Audit Matters (cont'd)

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

The recoverable amounts for DFZ Capital Sdn. Bhd. and its subsidiaries and Darul Metro Sdn. Bhd. ("DM"), have been determined based on the higher of the value-in-use and fair value less costs of disposal calculations. The value-in-use calculation used the probability-based cash flow projections approved by management. For the 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. The fair value less costs of disposal calculations was derived from the market capitalisation for the Company adjusted for the other net assets of the Company and our audit procedures included reviewing the market capitalisation and the adjustment made.

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.

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

- 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.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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 subsidiaries 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 Hah Yanying.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
29 May 2025

CONSOLIDATED **INCOME STATEMENT**

For the financial year ended 28 February 2025

	Note	Group 2025 RM'000	Group 2024 RM'000
Revenue	4	155,100	157,252
Changes in inventories		(12,504)	(12,391)
Inventories purchased and materials consumed		(93,458)	(91,149)
Other income	5	10,911	9,613
Compensation from Compulsory Land Acquisition	5	69,610	–
Employee benefits expenses	6	(19,866)	(15,391)
Depreciation of property, plant and equipment	11	(2,944)	(3,226)
Depreciation of right-of-use assets	23	(8,572)	(8,708)
Impairment loss on property, plant and equipment	11	(109)	–
Impairment loss on right-of-use assets	23	(219)	(84)
Rental of premises		(404)	(1,029)
Commission expenses		(244)	(282)
Professional fees		(2,584)	(724)
Utilities and maintenance expenses		(1,939)	(2,373)
Realised foreign exchange loss		(6,049)	(80)
Unrealised foreign exchange (loss)/gain		(179)	5,723
Other expenses	7	(22,188)	(12,011)
Finance costs	8	(6,824)	(7,145)
Profit before tax		57,538	17,995
Income tax expense	9	(3,865)	(3,954)
Profit for the year		53,673	14,041
Attributable to:			
Owners of the Company		53,612	14,010
Non-controlling interests		61	31
		53,673	14,041
Earnings per share attributable to owners of the Company (sen per share)			
Basic	10	4.47	1.17
Diluted	10	4.47	1.17

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 2025

	Group	
	2025	**2024**
	RM'000	RM'000
Profit for the year	53,673	14,041
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(147)	478
Total comprehensive income for the year	53,526	14,519
Attributable to:		
Owners of the Company	53,465	14,769
Non-controlling interests	61	(250)
Total comprehensive income for the year	53,526	14,519

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

STATEMENTS OF **FINANCIAL POSITION**

As at 28 February 2025

		Group		Company	
	Note	**2025**	**2024**	**2025**	**2024**
		RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	47,319	50,188	–	–
Goodwill	13	5,818	5,818	–	–
Investments in subsidiaries	14	–	–	229,295	642,712
Prepayments and development rights	16	13,500	4,000	–	–
Deferred tax assets	17	7,637	7,710	–	–
Right-of-use assets	23	98,672	108,289	–	–
		172,946	176,005	229,295	642,712
Current assets					
Biological assets	12	213	170	–	–
Trade and other receivables	15	26,035	37,091	1,434	644
Prepayments	16	7,063	1,767	–	–
Inventories	18	65,074	78,119	–	–
Cash and bank balances	19	230,357	185,062	103,401	96,892
Tax recoverable		2,981	3,408	–	–
Derivative assets	22	14	21	–	–
		331,737	305,638	104,835	97,536
Total assets		504,683	481,643	334,130	740,248
Equity and liabilities					
Current liabilities					
Trade and other payables	20	22,551	21,082	1,069	833
Lease liabilities	23	6,625	4,414	–	–
Income tax payable		837	1,166	311	422
Derivative liabilities	22	1	–	–	–
		30,014	26,662	1,380	1,255
Net current assets		301,723	278,976	103,455	96,281

STATEMENTS OF **FINANCIAL POSITION** (cont'd)

As at 28 February 2025

	Note	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Non-current liabilities					
Deferred tax liabilities	17	5,851	6,044	2,026	1,800
Lease liabilities	23	93,532	99,953	–	–
Provision for restoration costs	21	704	704	–	–
		100,087	106,701	2,026	1,800
Total liabilities		130,101	133,363	3,406	3,055
Net assets		374,582	348,280	330,724	737,193
Equity attributable to owners of the Company					
Share capital	24	487,903	487,903	978,725	978,725
Treasury shares	24(c)	(22,017)	(22,017)	(22,017)	(22,017)
Other reserves	24(a)	(176,451)	(177,337)	661	661
Retained earnings/(accumulated losses)		84,992	57,134	(626,645)	(220,176)
		374,427	345,683	330,724	737,193
Non-controlling interests		155	2,597	–	–
Total equity		374,582	348,280	330,724	737,193
Total equity and liabilities		504,683	481,643	334,130	740,248

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 2024	487,903	(22,017)	(177,337)	820	(178,818)	661	–	57,134	345,683	2,597	348,280
Profit for the year	–	–	–	–	–	–	–	53,612	53,612	61	53,673
Other comprehensive income for the year	–	–	(147)	(147)	–	–	–	–	(147)	–	(147)
Total comprehensive income for the year	–	–	(147)	(147)	–	–	–	53,612	53,465	61	53,526
Transactions with owners:											
Dividend on ordinary shares (Note 32)	–	–	–	–	–	–	–	(25,754)	(25,754)	–	(25,754)
Total transactions with owners	–	–	–	–	–	–	–	(25,754)	(25,754)	–	(25,754)
Transactions with non-controlling interests:											
Strike off of subsidiaries	–	–	1,033	–	–	–	1,033	–	1,033	(2,503)	(1,470)
Total transactions with non-controlling interests	–	–	1,033	–	–	–	1,033	–	1,033	(2,503)	(1,470)
Closing balance at 28 February 2025	487,903	(22,017)	(176,451)	673	(178,818)	661	1,033	84,992	374,427	155	374,582

STATEMENTS OF **CHANGES IN EQUITY** (cont'd)

For the financial year ended 28 February 2025

	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 2023	487,903	(22,017)	(178,096)	61	(178,818)	661	–	53,854	341,644	2,847	344,491
Profit for the year	–	–	–	–	–	–	–	14,010	14,010	31	14,041
Other comprehensive income for the year	–	–	759	759	–	–	–	–	759	(281)	478
Total comprehensive income for the year	–	–	759	759	–	–	–	14,010	14,769	(250)	14,519
Transactions with owners:											
Dividend on ordinary shares (Note 32)	–	–	–	–	–	–	–	(10,730)	(10,730)	–	(10,730)
Total transactions with owners	–	–	–	–	–	–	–	(10,730)	(10,730)	–	(10,730)
Closing balance at 29 February 2024	487,903	(22,017)	(177,337)	820	(178,818)	661	–	57,134	345,683	2,597	348,280

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

Company	Ordinary shares RM'000 (Note 24)	Treasury shares RM'000	Others reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Total equity RM'000
Opening balance at 1 March 2024	978,725	(22,017)	661	(220,176)	737,193
Loss for the year	–	–	–	(380,715)	(380,715)
Total comprehensive loss for the year	–	–	–	(380,715)	(380,715)
<u>Transactions with owners:</u>					
Dividend on ordinary shares (Note 32)	–	–	–	(25,754)	(25,754)
Total transactions with owners	–	–	–	(25,754)	(25,754)
Closing balance at 28 February 2025	978,725	(22,017)	661	(626,645)	330,724
Opening balance at 1 March 2023	978,725	(22,017)	661	(223,162)	734,207
Profit for the year	–	–	–	13,716	13,716
Total comprehensive income for the year	–	–	–	13,716	13,716
<u>Transactions with owners:</u>					
Dividend on ordinary shares (Note 32)	–	–	–	(10,730)	(10,730)
Total transactions with owners	–	–	–	(10,730)	(10,730)
Closing balance at 29 February 2024	978,725	(22,017)	661	(220,176)	737,193

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 2025

	Note	Group 2025 RM'000	Group 2024 RM'000
Cash flows from operating activities			
Profit before tax		57,538	17,995
Adjustments for:			
Compensation received from Compulsory Land Acquisition	5	(69,610)	–
Depreciation of property, plant and equipment	11	2,944	3,226
Depreciation of right-of-use assets	23	8,572	8,708
Impairment loss on property, plant and equipment	11	109	–
Impairment loss on right-of-use assets	23	219	84
Impairment loss on trade and other receivables	7	–	87
Gain on disposal of property, plant and equipment	5	(35)	(21)
(Gain)/loss arising from changes in fair values of biological assets	12	(43)	8
Property, plant and equipment written off	7	906	1
Loss on lease termination	7	1,876	–
Bad debts written off	7	53	20
Provision for/(reversal of) inventories written down	5,7	542	(463)
Finance costs	8	6,824	7,145
Interest income	5	(8,097)	(7,472)
Gain from lease modifications	23	(790)	–
Deposit forfeited	5	(15)	(68)
Reversal of short term accumulating compensated absences	6	(33)	(2)
Net unrealised foreign exchange loss/(gain)		179	(5,723)
Operating cash flows before changes in working capital		1,139	23,525
Changes in working capital			
Decrease in trade and other receivables		11,004	9,343
Increase in prepayments		(5,296)	(159)
Decrease in inventories		12,503	12,391
Decrease in trade and other payables		(46)	(724)
Cash flows generated from operations		19,304	44,376
Interest paid		(6,824)	(7,145)
Income taxes paid		(3,887)	(1,085)
Net cash flows generated from operating activities		8,593	36,146

CONSOLIDATED **CASH FLOW STATEMENT** (cont'd)

For the financial year ended 28 February 2025

	Note	Group 2025 RM'000	Group 2024 RM'000
Cash flows from investing activities			
Interest received		8,097	7,472
Acquisition of development rights		(9,500)	–
Compensation received from Compulsory Land Acquisition		69,610	–
Proceeds from disposal of property, plant and equipment		36	21
Purchase of property, plant and equipment	11(a)	(1,091)	(2,350)
Net cash flows generated from investing activities		67,152	5,143
Cash flows from financing activities			
(Increase)/decrease in pledged deposits		(193)	2,859
Payment of principal portion of lease liabilities		(4,361)	(4,145)
Repayment of other short term borrowings		–	(3,960)
Net repayment of obligations under finance leases		–	(49)
Dividends paid to the ordinary shareholders of the Company	32	(25,754)	(10,730)
Net cash used in financing activities		(30,308)	(16,025)
Net increase in cash and cash equivalents		45,437	25,264
Effects of foreign exchange rate changes		(335)	5,738
Cash and cash equivalents at beginning of the year		177,811	146,809
Cash and cash equivalents at end of the year	19	222,913	177,811

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. Material accounting policy information

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 2024. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2. Material accounting policy information (cont'd)

2.3 Standards issued but not yet effective

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

Description	***Effective for annual periods beginning on or after***
Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 9 and SFRS(I) 7 Classification and Measurement of Financial Instruments	1 January 2026
Annual improvements to SFRS(I) Volume 11	1 January 2026
Amendments to SFRS(I) 9 and SFRS(I) 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
SFRS(I) 18 Presentation and Disclosures in Financial Statements	1 January 2027
SFRS(I) 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
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

Except for SFRS(I) 18, the directors expect that the adoption of the new and amendments to the standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of amendments to SFRS(I) 18 is described below:

SFRS(I) 18 Presentation and Disclosure in Financial Statements

SFRS(I) 18, which replaces SFRS(I) 1-1 Presentation of Financial Statements, introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to SFRS(I) 1-7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

SFRS(I) 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. SFRS(I) 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

2. Material accounting policy information (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 subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries 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.

(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.

2. Material accounting policy information (cont'd)

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

(b) Business combinations and goodwill (cont'd)

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.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries 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 subsidiaries 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.

2. Material accounting policy information (cont'd)

2.6 Foreign currency (cont'd)

(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.

2.7 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 2.17. 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	40 to 93 years
Golf course	60 years
Furniture and fittings	10 years
Electrical installation and air conditioner	5 to 10 years
Other assets	5 to 24 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. Material accounting policy information (cont'd)

2.8 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 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.

2.9 Bearer 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. Material accounting policy information (cont'd)

2.10 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.

2.11 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. Material accounting policy information (cont'd)

2.12 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.

2.13 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.

2.14 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. Material accounting policy information (cont'd)

2.15 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.

2.16 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.

2.17 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. Material accounting policy information (cont'd)

2.18 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.

2.19 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.

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.

2. Material accounting policy information (cont'd)

2.19 Leases (cont'd)

Group as a lessee (cont'd)

(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	–	92 years
Land use rights	–	39 to 99 years
Buildings	–	1 to 25 years
Office equipment	–	5 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 2.8.

(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.

(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.

2. Material accounting policy information (cont'd)

2.20 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 a period of 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:

(a) 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.

(b) Consignment sale of goods

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.

(c) 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.

(d) Revenue from parking operations

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

(e) Sale of oil palm fresh fruit bunches

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

(f) Interest income

Interest income is recognised using the effective interest method.

2. Material accounting policy information (cont'd)

2.21 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, 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.

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, 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.

2. Material accounting policy information (cont'd)

2.21 Taxes (cont'd)

(b) Deferred tax (cont'd)

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.

2.22 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 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 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. Material accounting policy information (cont'd)

2.24 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.

2.25 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.

3.2 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.

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

3.2 Key sources of estimation uncertainty (cont'd)

(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 of disposal 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.

When fair value less costs of disposal calculations are undertaken, Management determines a suitable basis to estimate the recoverable value as disclosed in Note 14.

For FY2025, Management's impairment assessment of these assets remains significant to the audit due to magnitude of the amounts. The determination of value-in-use calculations was based on a range of probability-weighted possible outcomes.

The carrying amount of the non-financial assets as at 28 February 2025 and related assumptions are disclosed in their respective notes to the financial statements.

Non-financial assets	Notes to the financial statements
Goodwill	13
Property, plant and equipment	11
Right-of-use assets	23
Investments in subsidiaries	14

4. Revenue

	Group	
	2025	**2024**
	RM'000	RM'000
Sale of goods	151,902	153,907
Parking operations	1,267	1,605
Sale of oil palm fresh fruit bunches	1,929	1,737
Rental income	2	3
	155,100	157,252
Timing of transfer of goods and services		
At a point in time	155,098	157,249
Over a period of time	2	3
	155,100	157,252

5. Other income
Compensation from Compulsory Land Acquisition

	Group	
	2025	**2024**
	RM'000	RM'000
Interest income from licensed banks	6,342	5,033
Interest income from Berjaya Waterfront Sdn. Bhd. (Note 15)	1,755	2,439
Rental income from advertisement space	26	37
Rental income from property, plant and equipment	493	414
Gain/(loss) arising from changes in fair value of biological assets	43	(8)
Gain on disposal of property, plant and equipment	35	21
Deposit forfeited	15	68
Gain from lease modifications	790	–
Net reversal of inventories written down	–	463
Miscellaneous income	1,412	1,146
	10,911	9,613
Compensation from Compulsory Land Acquisition ^	69,610	–

^ This compensation relates to the payment received from the Ministry of Home Affairs of Malaysia (or Kementerian Dalam Negeri ("KDN")) for the compulsory acquisition of two lands namely Lot 1683 and Lot 61677, located at Bukit Kayu Hitam, Kubang Pasu District, Kedah, owned by the Group's wholly-owned subsidiaries, Cergasjaya Sdn Bhd (Cergasjaya") and Cergasjaya Properties Sdn Bhd ("CPPA") ("Compulsory Land Acquisition").

6. Employee benefits expenses

	Group	
	2025	**2024**
	RM'000	RM'000
Wages and salaries	13,520	12,885
Contributions to defined contribution plan	1,433	1,540
Accommodation benefits	132	142
Staff welfare	55	49
Social security contributions	184	181
Medical benefits	66	64
Reversal of short term accumulating compensated absence	(33)	(2)
Staff uniforms	11	14
Termination benefits #	3,883	–
Other benefits	615	518
	19,866	15,391

This relates to compensation paid to employees and workers arising from the termination of employment following the cessation of business operations at Duty-Free complex in Bukit Kayu Hitam as a result of the Compulsory Land Acquisition.

7. Other expenses

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

	Group	
	2025	**2024**
	RM'000	RM'000
Non-executive directors' remuneration	625	513
Assessment and quit rent	1,306	1,097
Auditors' remuneration:		
Audit fees:		
- Auditors of the Company	256	263
- Other auditors	559	535
Non-audit fees:		
- Auditors of the Company	13	15
- Other auditors	–	6
Bank charges	748	1,117
Bad debts written off	53	20
Donations	1,162	266
Interest on arrears for the payment of development rights	1,960	–
Impairment loss on receivables	–	87
Insurance expenses	644	810
Inventories written down	542	–
Licences and permits	556	536
Management fees	5,000	1,600
Packing materials	196	279
Property, plant and equipment written off	906	1
Loss on lease termination	1,876	–
Transportation costs	700	1,056
Travelling expenses	810	590

8. Finance costs

	Group	
	2025	**2024**
	RM'000	RM'000
Interest expense on:		
- Bank borrowings	53	131
- Obligations under finance leases	–	1
- Lease liabilities (Note 23)	6,771	7,013
	6,824	7,145

9. Income tax expense

<u>Major components of income tax expense</u>

The major components of income tax expense for the financial years ended 28 February 2025 and 29 February 2024 are:

	Group	
	2025	**2024**
	RM'000	RM'000
Consolidated income statement:		
Current income tax:		
Current income taxation	4,095	3,684
(Over)/under provision in respect of previous years	(110)	16
	3,985	3,700
Deferred income tax (Note 17):		
Origination and reversal of temporary differences	(99)	224
(Over)/under provision in respect of previous years	(21)	30
	(120)	254
Income tax expense recognised in profit or loss	3,865	3,954

Relationship between income tax expense and accounting profit

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 28 February 2025 and 29 February 2024 is as follows:

	Group	
	2025	**2024**
	RM'000	RM'000
Profit before tax	57,538	17,995
Tax at Malaysia's statutory rate of 24% (2024: 24%)	13,809	4,319
Adjustments:		
Income not subject to taxation	(16,271)	(13)
Non-deductible expenses	5,466	278
Effect of different tax rates in other country	352	(498)
Effect of tax relief	(90)	(90)
Utilisation of deferred tax assets previously not recognised	(155)	(239)
Deferred tax assets not recognised	885	151
(Over)/under provision of current tax in respect of previous years	(110)	16
(Over)/under provision of deferred tax in respect of previous years	(21)	30
Income tax expense recognised in profit or loss	3,865	3,954

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 profit and share data used in the computation of basic and diluted earnings per share for the years ended 28 February 2025 and 29 February 2024:

	Group	
	2025	**2024**
Earnings net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share (RM'000)	53,612	14,010
	No. of shares	**No. of shares**
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,198,200	1,198,200
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,198,200	1,198,200

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:								
At 1 March 2023	35,731	44,648	2,825	226	3,616	5,109	42,614	134,769
Additions	–	–	–	1,285	6	79	980	2,350
Disposals	–	–	–	–	–	–	(224)	(224)
Written-off	–	–	–	–	(145)	(120)	(1,072)	(1,337)
Reclassification	–	–	–	(106)	5	(84)	185	–
At 29 February 2024 and 1 March 2024	35,731	44,648	2,825	1,405	3,482	4,984	42,483	135,558
Additions	–	–	–	301	51	91	648	1,091
Disposals	–	–	–	–	(20)	(183)	(114)	(317)
Written-off	(9,804)	–	–	–	(80)	(1,077)	(8,033)	(18,994)
At 28 February 2025	25,927	44,648	2,825	1,706	3,433	3,815	34,984	117,338

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 2023	20,493	18,706	1,309	–	3,300	3,591	36,305	83,704
Depreciation charge for the year	510	766	113	–	151	193	1,493	3,226
Disposals	–	–	–	–	–	–	(224)	(224)
Written-off	–	–	–	–	(144)	(120)	(1,072)	(1,336)
At 29 February 2024 and 1 March 2024	21,003	19,472	1,422	–	3,307	3,664	36,502	85,370
Depreciation charge for the year	506	766	113	–	91	165	1,303	2,944
Disposals	–	–	–	–	(20)	(183)	(113)	(316)
Written-off	(9,770)	–	–	–	(80)	(771)	(7,467)	(18,088)
Impairment loss for the year	109	–	–	–	–	–	–	109
Reclassification	–	–	–	–	4	(64)	60	–
At 28 February 2025	11,848	20,238	1,535	–	3,302	2,811	30,285	70,019
Net carrying amount:								
At 28 February 2025	14,079	24,410	1,290	1,706	131	1,004	4,699	47,319
At 29 February 2024	14,728	25,176	1,403	1,405	175	1,320	5,981	50,188

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

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

	Office equipment and computer RM'000
Company	
Cost:	
At 1 March 2023, 29 February 2024, 1 March 2024 and 28 February 2025	5
Accumulated depreciation:	
At 1 March 2023, 29 February 2024, 1 March 2024 and 28 February 2025	5
Net carrying amount:	
At 29 February 2024 and 28 February 2025	–

(a) Addition of property, plant and equipment

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

	Group	
	2025 RM'000	**2024** RM'000
Cash payment	1,091	2,350

(b) During the current financial year, the Group's business operations were impacted by the closure of its long-established duty-free complex and car park operations at Bukit Kayu Hitam. This closure was necessitated by the compulsory acquisition of land at Bukit Kayu Hitam, Kubang Pasu District, Kedah, by the Malaysian Government for a road construction project to connect the Bukit Kayu Hitam ICQS Complex in Kedah with the CIQ Sadao facility in Thailand ("Compulsory Land Acquisition").

The Compulsory Land Acquisition has resulted in the closure of its duty-free operations in Bukit Kayu Hitam, leading to a reduction in both the Group's earnings and cash flows. In view of this, the land use rights and other associated assets resulted in property, plant and equipment written off of RM906,000 and loss on lease termination of RM1,876,000.

(c) Impairment review

Management has also conducted an assessment and identified indicators of impairment in the property, plant and equipment, as well as the right-of-use assets associated with the respective Company's cash-generating units ("CGUs") within the Group. Accordingly, a review on the recoverable amount of the property, plant and equipment and right-of-use assets (Note 23) was performed during the current financial year.

The cash-generating units ("CGU") recoverable amounts of the property, plant and equipment and right-of-use assets (Note 23) have been determined based on value-in-use calculations using probability-weighted cash flow projections approved by management. The pre-tax discount rate applied to cash flow projections is 11.5% to 19.2% (2024: 13.6% to 23.5%).

For the financial year ended 28 February 2025, management recognised impairment loss on right-of-use assets of RM219,000 (2024: RM84,000) (Note 23) and impairment loss on property, plant and equipment of RM109,000 (2024: RM Nil).

12. Biological assets

	Group	
	2025	**2024**
	RM'000	RM'000
At fair value:		
At 1 March	170	178
Gain/(loss) arising from changes in fair values	43	(8)
At 28 February 2025 and 29 February 2024	213	170

Mature oil palm trees produce fresh fruit bunches ("FFB"), which are used to produce Crude Palm Oil ("CPO") and Palm Kernel ("PK"). The fair value of FFB is 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 harvested approximately 2,500 tonnes (2024: 2,500 tonnes) of FFB. The selling prices per tonne for those FFB ranged between RM2,300 to RM5,100 (2024: RM1,900 to RM4,200). The selling prices per tonne for 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.

13. Goodwill

	Group	
	2025	**2024**
	RM'000	RM'000
Cost		
At 1 March 2023, 29 February 2024, 1 March 2024 and 28 February 2025	28,816	28,816
Accumulated impairment losses		
At 1 March 2023, 29 February 2024, 1 March 2024 and 28 February 2025	22,998	22,998
Net carrying amount at end of year	5,818	5,818

Impairment testing of goodwill

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

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.

In the financial year ended 28 February 2025 and 29 February 2024, no impairment loss 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 FY2026 to FY2030 range between 2% to 7% (2024: Revenue growth rates for FY2025 to FY2029 range between 5% to 10%).

(ii) The budgeted gross margins for the trading of duty free goods and non-dutiable merchandise segment was 19% (2024: 18.5%) 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% (2024: 2.2%).

(v) The pre-tax discount rate applied to the cash flow projections was 14.2% (2024: 14.3% to 14.5%) based on weighted average cost of capital of the Group.

Sensitivity analysis

With regard to the assessment of value-in-use of the CGU, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

14. Investments in subsidiaries

	Company	
	2025	**2024**
	RM'000	RM'000
Equity shares, at cost	908,684	921,239
Allowance for impairment losses	(679,389)	(278,527)
Total	229,295	642,712
Movement in allowance account:		
At 1 March	(278,527)	(275,179)
Addition for the year	(407,018)	(3,695)
Write-back for the year	–	347
Written off during the year	6,156	–
At 28 February 2025 and 29 February 2024	(679,389)	(278,527)

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, except for Brand Connect Holding Pte Ltd ("BCH"). The recoverable amounts of the investments in subsidiaries were estimated based on the higher of the value-in-use and fair value less costs of disposal calculations. The value-in-use calculations were derived from probability-based cash flow projections. Key assumptions adopted in the value-in-use calculations included revenue projections, gross margins, discount rates and terminal growth rate. The fair value less costs of disposal calculation was derived from the market capitalisation for the Company adjusted for the other net assets of the Company. Based on the assessment, an impairment loss of RM407,018,000 (2024: RM3,695,000) was recognised during the financial year when the recoverable amount was below the carrying amount of investment in subsidiaries.

For the investment in BCH, the striking off of BCH and its subsidiaries from the registrar was completed on 5 August 2024. Following the completion of the striking off, the investment in BCH and its subsidiaries and its corresponding allowance for impairment loss amounting to RM6,156,000 (2024: reversal of impairment of RM347,000) was written off in the financial year ended 28 February 2025.

14. Investments in subsidiaries (cont'd)

(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	
			2025	**2024**	**2025**	**2024**
			%	%	RM'000	RM'000
Held by the Company						
DFZ Capital Sdn. Bhd. ^	Malaysia	Investment holding	100.00	100.00	678,039	678,039
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	–	12,555
					908,684	921,239

* 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 2025 %	2024 %
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	Property investment	100.00	41.60**
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
DFZ Asia Sdn. Bhd. ^	Malaysia	Investment holding	100.00	100.00
PT DFZ Indon	Indonesia	Dormant	99.00	99.00

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 2025 %	Proportion of ownership interest 2024 %
Held by Brand Connect Holding Pte. Ltd.				
Drinks Hub Asia Pte. Ltd. ***	Singapore	Wholesales of alcoholic beverages and soft drinks	–	100.00
Brand Connect Asia Pacific Pte. Ltd. ***	Singapore	Wholesales 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
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

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 2025 %	2024 %
Held by DFZ Trading Sdn. Bhd. (cont'd)				
Zon Emporium 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

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

** Accounted as subsidiaries with 100% effective ownership as the Group has full control in the entities through the terms of non-voting Convertible Redeemable Preference Shares and shareholder agreement entered into by the Group and the non-controlling interest

*** Struck off from the register on 5 August 2024

Audited by other firm of Certified Public Accountants

15. Trade and other receivables

	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Trade receivables				
Third parties	382	1,380	–	–
Other receivables				
Deposits	3,067	4,168	–	–
Due from Berjaya Waterfront Sdn. Bhd.	21,018	30,098	–	–
Due from subsidiaries	–	–	1,005	131
Sundry receivables	1,729	1,606	429	513
Allowance for impairment	(161)	(161)	–	–
Other receivables, net	25,653	35,711	1,434	644
Total trade and other receivables	26,035	37,091	1,434	644
Add: Cash and bank balances (Note 19)	230,357	185,062	103,401	96,892
Total financial assets at amortised cost	256,392	222,153	104,835	97,536

15. Trade and other receivables (cont'd)

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.

Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

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, is 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 2024. In July 2023, the Group entered into an agreement with BWSB to offset the rental payments due from the Group's subsidiary, Selasih Ekslusif Sdn Bhd against the RM40.0 million balance receivable from BWSB. As at 15 April 2025, a rental payable of RM20.0 million had been set off against the total outstanding receivable from BWSB, resulting in an outstanding receivable balance from BWSB of RM20.0 million (excluding interest receivables).

On 15 April 2025, both parties had mutually agreed that BWSB shall pay the remaining deferred consideration of RM20.0 million on or before 15 April 2026 and BWSB will continue to pay interest at 7% per annum on the unpaid consideration on a quarterly basis.

Trade receivables that are impaired

There are no trade receivables that are impaired at the end of the reporting period (2024: Nil) and the movement of the allowance account used to record the impairment are as follows:

	Group	
	2025	**2024**
	RM'000	RM'000
Movement in allowance account:		
At 1 March	–	218
Reversal for the year	–	(6)
Written-off during the year	–	(212)
At 28 February 2025 and 29 February 2024	–	–

15. 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 account used to record the impairment are as follows:

	Individually impaired Group	
	2025	**2024**
	RM'000	RM'000
Other receivables – nominal amounts	161	161
Less: Allowance for impairment	(161)	(161)
	–	–
Movement in allowance account:		
At 1 March	161	68
Charge for the year	–	93
At 28 February 2025 and 29 February 2024	161	161

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 29(a).

16. Prepayments and development rights

	Group	
	2025	**2024**
	RM'000	RM'000
Current		
Prepaid other operating expenses	7,063	1,767
Non-current		
Prepaid development return*	–	4,000
Development rights	13,500	–
Total prepayments	13,500	4,000

* Related to development return paid to the State Government of Johor and City Council of Johor. Full payment of the remaining RM9,500,000 of the development return has been made in the current year and the Group has fulfilled its payment obligations pursuant to the agreement entered into with the State Government of Johor and the City Council of Johor. Consequently, the entire balance of RM13,500,000 has been reclassified and reflected as development rights as at 28 February 2025.

17. Deferred tax assets/(liabilities)

	Group		Company	
	2025	**2024**	**2025**	**2024**
	RM'000	RM'000	RM'000	RM'000
At 1 March	1,666	1,920	(1,800)	(1,719)
Recognised in profit or loss	120	(254)	(226)	(81)
At 28 February 2025 and 29 February 2024	1,786	1,666	(2,026)	(1,800)
Presented after appropriate offsetting as follows:				
Deferred tax assets	7,637	7,710	–	–
Deferred tax liabilities	(5,851)	(6,044)	(2,026)	(1,800)
Net deferred tax assets/(liabilities)	1,786	1,666	(2,026)	(1,800)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances	**Lease liabilities**	**Total**
	RM'000	RM'000	RM'000
At 1 March 2023	3,638	24,509	28,147
Recognised in profit or loss	(1,096)	70	(1,026)
At 29 February 2024 and 1 March 2024	2,542	24,579	27,121
Recognised in profit or loss	(1,140)	(1,130)	(2,270)
At 28 February 2025	1,402	23,449	24,851

17. Deferred tax assets/(liabilities) (cont'd)

Deferred tax liabilities of the Group:

	Property, plant and equipment	Right-of-use assets	Others	Total
	RM'000	RM'000	RM'000	RM'000
At 1 March 2023	(4,707)	(20,585)	(935)	(26,227)
Recognised in profit or loss	253	811	(292)	772
At 29 February 2024 and 1 March 2024	(4,454)	(19,774)	(1,227)	(25,455)
Recognised in profit or loss	568	1,865	(43)	2,390
At 28 February 2025	(3,886)	(17,909)	(1,270)	(23,065)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2025	2024
	RM'000	RM'000
Unutilised tax losses	249,345	246,464
Unabsorbed capital allowances	48,170	48,347
Other deductible temporary differences	105,441	105,107
Lease liabilities	210	206
	403,166	400,124

At the end of the reporting year, the Group has unutilised tax losses of RM249,345,000 (2024: RM 246,464,000) and unabsorbed capital allowances of RM48,170,000 (2024: RM48,347,000) for which no deferred tax asset is recognised due to uncertainty of its recoverability.

The expiry of the unutilised tax losses and unabsorbed capital allowances that are available for offset against future taxable profits of the respective companies within the Group in which the losses arose, subject to the agreement of the taxation authorities and compliance with certain provisions in the tax legislation of the respective countries in which the companies operate are as follows:

	Group	
	2025	2024
	RM'000	RM'000
With no expiry	48,486	48,728
Within 5 years	223,259	225,132
Within 6 to 10 years	31,611	30,916
	303,356	304,776

18. Inventories

	Group	
	2025	**2024**
	RM'000	RM'000
Statement of financial position:		
Trading goods	64,934	77,960
Consumables	140	159
Total inventories at lower of cost and net realisable value	65,074	78,119
Consolidated income statement:		
Inventories recognised as an expense in cost of sales	105,962	103,540
Inventories recognised as an expense in other expenses		
Inclusive of the following charge:		
- Provision for/(reversal of) inventories written down	542	(463)

19. Cash and bank balances

	Group		Company	
	2025	**2024**	**2025**	**2024**
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	39,933	74,427	17,121	15,056
Deposits with licensed banks	190,424	110,635	86,280	81,836
	230,357	185,062	103,401	96,892

Deposits with licensed banks of the Group amounting to RM7,444,000 (2024: RM7,251,000) are pledged to banks for credit facilities granted to certain subsidiaries. The remaining 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 of the deposits as at 28 February 2025 for the Group and the Company were 3.29% (2024: 3.39%) and 3.31% (2024: 4.28%) per annum respectively.

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	
	2025	**2024**	**2025**	**2024**
	RM'000	RM'000	RM'000	RM'000
Cash and deposits with licensed banks	230,357	185,062	103,401	96,892
Deposits pledged with licensed banks	(7,444)	(7,251)	–	–
Cash and cash equivalents	222,913	177,811	103,401	96,892

19. Cash and bank balances (cont'd)

Cash and short term deposits denominated in foreign currencies at the end of reporting period are as follows:

	Group		Company	
	2025	**2024**	**2025**	**2024**
	RM'000	RM'000	RM'000	RM'000
Singapore Dollar (SGD)	12,885	76,299	12,830	76,284
United States Dollar (USD)	3,782	10,551	3,150	5,713
	16,667	86,850	15,980	81,997

20. Trade and other payables

	Group		Company	
	2025	**2024**	**2025**	**2024**
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	11,166	14,656	–	–
Other payables				
Accruals	5,643	1,585	894	777
Accrued payroll related expenses	1,337	1,035	–	–
Rental payables	348	1,081	–	–
Other deposits received	3,145	177	–	–
Royalty payables	60	1,588	–	–
Sundry payables	852	960	175	56
	11,385	6,426	1,069	833
Total trade and other payables, representing total financial liabilities carried at amortised cost	22,551	21,082	1,069	833

(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 (2024: 30 to 90 days).

Trade payables denominated in foreign currencies are as follows:

	Group	
	2025	**2024**
	RM'000	RM'000
Great Britain Pound (GBP)	357	154
Singapore Dollar (SGD)	–	273
United States Dollar (USD)	4,858	9,303
	5,215	9,730

Further details on related party transactions are disclosed in Note 27.

Other information on financial risks of trade and other payables are disclosed in Note 29.

21. Provision for restoration costs

	Group 2025 RM'000	Group 2024 RM'000
At 1 March	704	870
Written-off during the year	–	(166)
At 28 February 2025 and 29 February 2024	704	704
Analysis of present value of restoration costs:		
Later than 1 year and not later than 2 years	32	32
More than 5 years	672	672
	704	704
Non-current	704	704

Provision for restoration costs is recognised when the Group entered into a lease agreement for the premises and represents the estimated costs of asset dismantlement, removal or restoration of premises. The premises, which are capitalised and included in right-of-use assets and property, plant and equipment, shall be reinstated to the condition set up in the lease agreements upon the expiration of the lease agreements.

22. Derivatives

	2025			2024	
	Notional amount RM'000	Assets RM'000	Liabilities RM'000	Notional amount RM'000	Assets RM'000
Group					
Forward currency contracts	869	14	1	596	21
Current		14	1		21

The Group uses forward foreign exchange contracts to manage some of its transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency translation exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. The derivatives represent total financial assets at fair value through profit or loss, classified as held for trading.

23. Right-of-use assets and lease liabilities

Group as a lessor

The Group has entered into operating leases on its land use rights, buildings and advertisement space. These leases have terms of less than 1 year to 3 years. Rental income recognised by the Group during the year is RM519,000 (2024: RM451,000).

Future minimum rentals receivable under non-cancellable operating lease are as follows:

	Land use rights	Building	Advertisement space	Total
	RM'000	RM'000	RM'000	RM'000
At 28 February 2025				
Within one year	80	32	17	129
At 29 February 2024				
Within one year	40	202	17	259
After one year but not more than five years	–	27	–	27

Group as a lessee

The Group has lease contracts for leasehold land, land use rights, buildings (office premises, retail outlets, warehouse, staff quarters) and office equipment 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:

	Leasehold land	Land use rights	Buildings	Office equipment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
At 1 March 2024	13,343	13,050	81,888	8	108,289
Additions	–	–	1,056	–	1,056
Depreciation expense	(262)	(682)	(7,624)	(4)	(8,572)
Expiration/termination of lease	–	(2,666)	(76)	–	(2,742)
Impairment losses	(219)	–	–	–	(219)
Modification	–	860	–	–	860
At 28 February 2025	12,862	10,562	75,244	4	98,672
At 1 March 2023	13,605	7,644	84,286	12	105,547
Additions	–	6,194	5,340	–	11,534
Depreciation expense	(262)	(788)	(7,654)	(4)	(8,708)
Impairment losses	–	–	(84)	–	(84)
At 29 February 2024	13,343	13,050	81,888	8	108,289

Please refer to Note 11(c) to the financial statements for details on the impairment assessment of the right-of-use assets.

23. 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	
	2025	**2024**
	RM'000	RM'000
At 1 March	104,367	100,516
Accretion of interest	6,771	7,013
Additions	947	7,996*
Modification	70	–
Termination of lease	(866)	–
Payments	(11,132)	(11,158)
At 28 February 2025 and 29 February 2024	100,157	104,367
Current	6,625	4,414
Non-current	93,532	99,953

* The addition of lease liabilities was netted off by the prepaid rental of RM3,400,000.

The maturity analysis of lease liabilities are disclosed in Note 29(b).

The following are the amount recognised in profit or loss:

	Group	
	2025	**2024**
	RM'000	RM'000
Depreciation expense of right-of-use assets	8,572	8,708
Gain from lease modification	(790)	–
Loss on lease termination	1,876	–
Impairment loss on right-of-use assets	219	84
Interest expense on lease liabilities	6,771	7,013
Expenses relating to short-term leases	521	638
Variable lease payments (included in rental of premises)	52	581
Total amount recognised in profit or loss	17,221	17,024

The Group had total cash outflows for leases of RM11,705,000 in 2025 (2024: RM 12,377,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of RM947,000 in 2025 (2024: RM7,996,000).

23. Right-of-use assets and lease liabilities (cont'd)

Group as a lessee (cont'd)

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. Such variable lease payments are recognised in profit or loss when incurred and amounted to RM52,000 (2024: RM581,000) for the financial year ended 28 February 2025.

A reconciliation of liabilities arising from financing activities is as follows:

	2024	Cash flows	Non-cash changes			2025
			Additions	Interest expense	Others	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lease liabilities	104,367	(11,132)	948	6,771	(797)	100,157

	2023	Cash flows	Non-cash changes			2024
			Additions	Interest expense	Others	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other short term borrowings	3,960	(3,960)	–	–	–	–
Obligations under finance leases	49	(49)	–	–	–	–
Lease liabilities	100,516	(11,158)	7,996	7,013	–	104,367
Total	104,525	(15,167)	7,996	7,013	–	104,367

24. Share capital

	Number of ordinary shares		Amount	
	2025	2024	2025	2024
	'000	'000	RM'000	RM'000
Group				
At 1 March, 29 February 2024 and 28 February 2025	1,198,200	1,198,200	487,903	487,903
Company				
At 1 March, 29 February 2024 and 28 February 2025	1,198,200	1,198,200	978,725	978,725

The difference in the share capital amount of the Group and the Company arose as a result of the acquisition of DFZ Capital Sdn. Bhd. and Darul Metro Sdn. Bhd. and their subsidiaries in a reverse take-over exercise by the Company during the financial year ended 28 February 2011.

24. Share capital (cont'd)

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.

(a) Other reserves

		Group	
		2025	**2024**
		RM'000	RM'000
Group			
Foreign currency translation reserve	(i)	673	820
Premium paid on acquisition of non-controlling interests	(ii)	(177,785)	(178,818)
Gain on reissuance of treasury shares	(iii)	661	661
		(176,451)	(177,337)
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.

(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.

(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 to share capital balances.

(c) Treasury shares

Treasury shares relate to ordinary shares of the Company that is held by the Company.

25. Commitments

Capital commitments

Capital expenditure approved as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2025	**2024**
	RM'000	RM'000
Capital expenditure		
Property, plant and equipment	3,174	2,473
Development return	–	9,500
	3,174	11,973

Included in capital expenditure in the previous year is RM9,500,000 in relation to the development return payable to the State Government of Johor and City Council of Johor. This amount was fully paid during the financial year and has been recognised in the financial statements as 'Development rights'.

26. Contingent liabilities

	Company	
	2025	**2024**
	RM'000	RM'000
Corporate guarantees for borrowings and banking facilities to certain subsidiaries	11,650	19,150

27. 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	
	2025	**2024**
	RM'000	RM'000
Related companies:		
- Management fee **	5,000	1,600
Related party:		
- Donation to Yayasan Harmoni *	1,150	250

* The Non-Executive Chairman of the Company is the founder and executive chairman of Yayasan Harmoni.

** Management fees were made according to negotiated prices between the parties.

Information regarding outstanding balances arising from related party transactions as at 28 February 2025 and 29 February 2024 are disclosed in Note 15 and Note 20.

27. 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	
	2025	**2024**
	RM'000	RM'000
Short-term employee benefits	1,471	1,820
Defined contribution plan	175	169
	1,646	1,989
Comprise amounts paid to:		
Directors of the Company	378	419
Other key management personnel	1,268	1,570
	1,646	1,989

28. 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.

28. 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:

	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant un-observable inputs (Level 3)	Total
	RM'000	RM'000	RM'000	RM'000
Group				
At 28 February 2025				
Financial assets:				
Derivatives (Note 22)				
- Forward currency contracts	–	14	–	14
Non-financial assets:				
- Biological assets (Note 12)	–	–	213	213
Financial liabilities:				
Derivative (Note 22)				
- Forward currency contracts	–	(1)	–	(1)
At 29 February 2024				
Assets measured at fair value				
Financial assets:				
Derivatives (Note 22)				
- Forward currency contracts	–	21	–	21
Non-financial assets:				
- Biological assets (Note 12)	–	–	170	170

(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 22): 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.

28. 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.

29. 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.

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

29. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

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 15.

<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 2025 and 29 February 2024 incorporates forward looking information such as forecast of economic conditions.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix.

	Current	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000
28 February 2025					
Gross carrying amount	349	3	30	–	382
29 February 2024					
Gross carrying amount	389	46	–	945	1,380

29. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

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 RM44,765,000 (2024: RM63,693,000) relating to a corporate guarantee provided by the Group to the bank on subsidiaries' loans.

– A nominal amount of RM11,650,000 (2024: RM19,150,000) 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 15.

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 15.

(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 2025, the Group's holding of cash and cash equivalents amounting to RM222,913,000 (2024: RM177,811,000) are expected to be sufficient for working capital purposes as well as meet its on-going financial commitments in the next financial year.

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

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.

	2025				2024			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Financial assets								
Trade and other receivables	26,035	–	–	26,035	37,091	–	–	37,091
Cash and bank balances	230,357	–	–	230,357	185,062	–	–	185,062
Forward currency contracts	14	–	–	14	21	–	–	21
Total undiscounted financial assets	256,406	–	–	256,406	222,174	–	–	222,174
Financial liabilities								
Trade and other payables	22,551	–	–	22,551	21,082	–	–	21,082
Forward currency contracts	1	–	–	1	–	–	–	–
Lease liabilities	13,035	55,860	80,161	149,056	11,002	60,778	88,000	159,780
Total undiscounted financial liabilities	35,587	55,860	80,161	171,608	32,084	60,778	88,000	180,862
Total net undiscounted financial assets/ (liabilities)	220,819	(55,860)	(80,161)	84,798	190,090	(60,778)	(88,000)	41,312

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	2025			2024		
	One year or less	**One to five years**	**Total**	**One year or less**	**One to five years**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company						
Financial assets						
Trade and other receivables	1,434	–	1,434	644	–	644
Cash and bank balances	103,401	–	103,401	96,892	–	96,892
Total undiscounted financial assets	104,835	–	104,835	97,536	–	97,536
Financial liabilities						
Trade and other payables	1,069	–	1,069	833	–	833
Total undiscounted financial liabilities	1,069	–	1,069	833	–	833
Total net undiscounted financial assets	103,766	–	103,766	96,703	–	96,703

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.

Corporate guarantees	11,650	–	11,650	19,150	–	19,150

(c) Interest rate risk

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.

<u>Sensitivity analysis for interest rate risk</u>

At the end of the reporting period, if interest rates had been 10 (2024: 10) basis points lower with all other variables held constant, the Group's and the Company's profit before tax would have been RM145,000 and RM66,000 lower/higher (2024: profit before tax would have been RM84,000 and RM62,000 lower/higher) respectively, arising mainly as a result of lower interest expense on fixed and floating rate loans and borrowings, lower interest income from 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.

29. 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 33% (2024: 29%) 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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit 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.

		Increase/(decrease) Profit before taxation	
		2025	**2024**
		RM'000	RM'000
USD/RM	- strengthened 3%	25	(75)
	- weakened 3%	(25)	75
SGD/RM	- strengthened 3%	(385)	(2,299)
	- weakened 3%	385	2,299
GBP/RM	- strengthened 3%	11	5
	- weakened 3%	(11)	(5)
SGD/USD	- strengthened 3%	(2)	(12)
	- weakened 3%	2	12

30. 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 equity.

The Group's ensure that the gearing ratio shall not be more than 2.00 times to comply with covenants from its borrowings.

31. 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 sale of oil palm fresh 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.

31. 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 and duty paid goods and non-dutiable merchandise		Investment holdings and others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	12 months ended 28/29 February		12 months ended 28/29 February		12 months ended 28/29 February			12 months ended 28/29 February	
	2025	2024	2025	2024	2025	2024		2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue									
Sales to external customers	151,902	153,907	3,198	3,345	–	–		155,100	157,252
Inter-segment sales	–	–	28,743	4,909	(28,743)	(4,909)	A	–	–
Total revenue	151,902	153,907	31,941	8,254	(28,743)	(4,909)		155,100	157,252
Results									
Interest income	2,693	1,294	5,404	6,178	–	–		8,097	7,472
Miscellaneous income	2,467	1,931	1,259	1,286	(912)	(1,076)		2,814	2,141
Compensation received from Compulsory Land Acquisition	67,800	–	1,810	–	–	–		69,610	–
Depreciation and amortisation	(11,031)	(11,602)	(1,443)	(1,408)	958	1,076		(11,516)	(11,934)
Finance costs	(6,983)	(7,314)	–	–	159	169		(6,824)	(7,145)
Other non-cash income/ (expenses)	(577)	925	(8,548)	5,832	(63)	(763)	B	(9,188)	5,994
Segment profit/(loss)	61,539	9,836	24,046	13,252	(28,047)	(5,093)	C	57,538	17,995
Assets									
Additions to non-current assets	1,062	2,194	29	156	–	–	D	1,091	2,350
Segment assets	297,275	278,115	196,790	192,410	10,618	11,118	E	504,683	481,643
Segment liabilities	118,829	124,765	4,584	1,388	6,688	7,210	F	130,101	133,363

31. 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 impairment loss on property, plant and equipment, right-of-use assets and trade and other receivables, property, plant and equipment, right-of-use assets and bad debts written off, provision for/reversal of inventories written down 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 profit before tax presented in the income statement:

	2025 RM'000	**2024** RM'000
Profit from inter-segment sales	(28,608)	(4,729)
Unallocated corporate income/(expenses)	561	(364)
	(28,047)	(5,093)

D Additions to non-current assets consist of:

	2025 RM'000	**2024** RM'000
Property, plant and equipment	1,091	2,350

E The following items were added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2025 RM'000	**2024** RM'000
Deferred tax assets	7,637	7,710
Tax recoverable	2,981	3,408
	10,618	11,118

F The following items were added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2025 RM'000	**2024** RM'000
Deferred tax liabilities	5,851	6,044
Income tax payable	837	1,166
	6,688	7,210

32. Dividends

	Group and Company	
	2025	**2024**
	RM'000	RM'000
Declared and paid/payable during the financial year:		
Dividends on ordinary shares		
- First interim one tier tax exempt dividend for FY2025: S$0.0010 (2024: S$0.00175) per share	4,039	7,322
- Second interim one tier tax exempt dividend for FY2025: S$0.0055 (2024: S$0.0008) per share	21,715	3,408
	25,754	10,730

33. Significant and subsequent events

(a) On 10 September 2024, the Company announced that its subsidiary, Kelana Megah Sdn. Bhd. ("KMSB"), had entered into a conditional joint development agreement ("Agreement") with Chin Hin Property (Stulang) Sdn. Bhd. ("CHPSSB"), 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").

Subject to the necessary approvals to be obtained for the Proposed Joint Development, KMSB and CHPSSB will collaborate to develop two blocks comprising 1,260 serviced apartment units, 10 retail lots, and multiple levels of parking on the Land ("Proposed Joint Development").

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"). The Proposed Joint Development is estimated by CHPSSB to have a gross development value of RM478.42 million and gross development cost of RM406.42 million, and accordingly, the value of KMSB's Entitlement is estimated at RM83.57 million. Barring any unforeseen circumstances, the Proposed Joint Development is expected to commence in the third quarter of 2025.

On 19 March 2025, the Proposed Joint Development was duly approved by the Company's shareholders at the Extraordinary General Meeting. As at the date of this announcement, the land title registration was completed, with ownership officially transferred to KMSB on 10 March 2025.

33. Significant and subsequent events (cont'd)

(b) On 26 September 2024, the wholly owned subsidiaries of the Company, Cergasjaya Sdn. Bhd. ("Cergasjaya") and Cergasjaya Properties Sdn. Bhd. ("CPPA") received Forms E and F under the Land Acquisition Act 1960 ("LAA") in relation to the compulsory acquisition of the following lands ("Affected Lands") for a road construction project to connect the Bukit Kayu Hitam ICQS Complex in Kedah to the CIQ Sadao facility in Thailand ("Compulsory Land Acquisition"):

- Lot 1683, Bukit Kayu Hitam, Kubang Pasu District, Kedah, measuring 4.44 acres, held by Cergasjaya under a direct lease from the State of Kedah until 18 November 2072. This land has been given a Retail 6A status under the Free Zone Act 1990. Cergasjaya had conducted its duty-free business and car park operations since 1988 on this land.

- Lot 61677 (previously PT2209), measuring 2.57 acres, leased by CPPA from the Kedah State Development Corporation (or Perbadanan Kemajuan Negeri Kedah) until 22 November 2053.This land is gazetted as commercial land under the Free Zone Act 1990.

On 6 November 2024, the land acquisition enquiry hearing was conducted and the Land Administrator had made an oral compensation award of RM69.6 million for Lot 1683 and Lot 61677. On 12 November 2024, two formal Notice of Award in Form H were served on Cergasjaya and CPPA.

On 18 November 2024, KDN made payments of RM67.8 million and RM1.8 million to Cergasjaya and CPPA respectively in accordance to the compensation awarded under the respective Forms H. Subsequently, on 21 November 2024 and 24 November 2024, Cergasjaya and CPPA received the respective Form K from the Land Administrator in relation to the formal possession of Lot 1683 and Lot 61677. As a result, Cergasjaya had to cease its duty-free business at the Duty Free Complex and car park operations on 25 November 2024 and had vacated the premises thereafter.

As the Company was dissatisfied with the compensation awarded by KDN, on 15 December 2024, Cergasjaya and CPPA filed an objection by way of a land reference to the High Court in Form N in accordance with s.37 and s.38(1) of LAA to the Land Administrator. The Land Administrator shall refer the matter to the Court by a reference in Form O within six months from the date of receipt of Form N.

The Company remains committed to safeguarding its interests and ensuring that the compensation adequately reflects the impact on all affected lands and associated business assets. As the land reference proceeding is still ongoing, the Company is unable to fully quantify the financial impact of the Compulsory Land Acquisition until the conclusion of the land reference proceeding in the High Court.

34. Authorisation of financial statements

The financial statements for the financial year ended 28 February 2025 were authorised for issue in accordance with a resolution of the directors on 29 May 2025.

STATISTICS OF **SHAREHOLDINGS**

As at 13 May 2025

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	168	10.75	2,000	0.00
100 - 1,000	220	14.08	114,984	0.01
1,001 - 10,000	442	28.30	2,284,276	0.19
10,001 - 1,000,000	703	45.01	61,819,790	5.16
1,000,001 AND ABOVE	29	1.86	1,133,979,243	94.64
TOTAL	**1,562**	**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	116,412,232	9.72
3.	PHILLIP SECURITIES PTE LTD	16,196,380	1.35
4.	MAYBANK SECURITIES PTE. LTD.	9,885,743	0.83
5.	DBS NOMINEES (PRIVATE) LIMITED	9,625,396	0.80
6.	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	9,320,697	0.78
7.	UOB KAY HIAN PRIVATE LIMITED	8,217,130	0.69
8.	IFAST FINANCIAL PTE. LTD.	6,915,350	0.58
9.	DB NOMINEES (SINGAPORE) PTE LTD	6,593,918	0.55
10.	RAFFLES NOMINEES (PTE.) LIMITED	6,500,905	0.54
11.	SOH CHONG CHAI	5,219,080	0.44
12.	ELLPHA INVESTMENTS PTE LTD	4,100,000	0.34
13.	OCBC SECURITIES PRIVATE LIMITED	3,105,028	0.26
14.	CHAN KENG LOKE	2,500,000	0.21
15.	E-FOS SDN BHD	2,472,722	0.21
16.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,344,399	0.20
17.	TAN HOCK SEONG	2,250,000	0.19
18.	TAN SIEW SENG	2,012,000	0.17
19.	GOH BEE LAN	1,855,000	0.15
20.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,731,850	0.14
	TOTAL	**1,122,285,943**	**93.68**

SUBSTANTIAL SHAREHOLDERS AS AT 13 MAY 2025
(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.	Alpretz Capital Sdn. Bhd. (3)	–	–	905,028,113	75.53
5.	Lim Family Holdings Limited (4)	–	–	905,028,113	75.53
6.	Dato' Sri Adam Sani bin Abdullah (5)	–	–	905,028,113	75.53
7.	Berjaya Corporation Berhad (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. and Alpretz Capital Sdn. Bhd. which are 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. Alpretz Capital Sdn. Bhd. is a substantial shareholder of Atlan. Alpretz Capital Sdn. Bhd. is deemed interested in the 905,028,113 Shares held by Atlan by virtue of Section 7 of the Companies Act.

4. 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. and Alpretz Capital Sdn. Bhd. by virtue of Section 7 of the Companies Act.

5. 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.

6. Berjaya Corporation Berhad is deemed interested in the 905,028,113 Shares held by Atlan through its direct and indirect interest totalling 26.53% in Atlan.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 13 May 2025, approximately 24.16% 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 the Annual General Meeting ("**AGM**") of Duty Free International Limited ("**Company**") will be held at RNN Conference Centre, 143 Cecil Street, #11-03 GB Building, Singapore 069542 on Monday, 23 June 2025 at 11:00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 28 February 2025 together with the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors who are retiring by rotation pursuant to Regulation 104 of the Company's Constitution and being eligible, offered themselves for re-election:

   (a) Lee Sze Siang **(Resolution 2)**

   (b) Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) **(Resolution 3)**

   [See Explanatory Note (i)]

3. To approve the payment of non-executive Directors' remuneration up to S$203,751 for the financial year ended 28 February 2025 (FY2024: S$145,000). **(Resolution 4)**

   [See Explanatory Note (ii)]

4. To re-appoint Messrs. Ernst & Young LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may be properly transacted at an AGM of the Company.

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 **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 6)**

6.2 **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 6 June 2025 ("**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 7)**

BY ORDER OF THE BOARD

Thum Sook Fun
Company Secretary

Singapore, 6 June 2025

Explanatory Notes:

(i) <u>Resolution 2 and 3 in relation to the re-election of Directors who are retiring by rotation pursuant to Regulation 104 of the Company's Constitution</u>

Lee Sze Siang will, upon re-election as Director of the Company, continue to serve as Executive Director of the Company.

Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) will, upon re-election as Director of the Company, continue to serve as Lead Independent Director, Chairman of Nominating Committee, and a member of each of the Audit Committee and Remuneration Committee. The Board considers him independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

For more information on these Directors (including information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST), please refer to the sections entitled "**Board of Directors**" and "**Additional Information on Directors seeking re-election**" in the Company's Annual Report for the financial year ended 28 February 2025 ("**Annual Report 2025**").

(ii) Resolution 4 is to approve the payment of an aggregate amount of up to S$203,751 as remuneration for the non-executive Directors of the Company for the financial year ended 28 February 2025 ("**FY2025**"). Please refer to the Corporate Governance Report in the Annual Report 2025 for more details on the non-executive Directors' remuneration for FY2025.

(iii) Resolution 6 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.

This authority will, unless revoked or varied at a general meeting, expire on the date of the next AGM of the Company or on the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(iv) Resolution 7 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 as at the date of passing of this Resolution.

Details of the proposed renewal of the Share Buyback Mandate, including the sources of funds to be used for the purchase or acquisition, the amount of financing (if any) and the illustrative financial effects on the Group are set out in the Appendix to the Notice of AGM dated 6 June 2025.

IMPORTANT NOTES: -

<u>Format of Meeting</u>

1. The AGM will be held in physical format at the venue, date and time as stated above. Shareholders, including investors who hold shares through Central Provident Fund Investment Scheme ("**CPF Investors**") and/or Supplementary Retirement Scheme ("**SRS Investors**"), and (where applicable) duly appointed proxies or representatives will be able to ask questions and vote at the AGM by attending the AGM in person. **<u>There will be no option for shareholders to participate virtually.</u>**

   Printed copies of this Notice, the accompanying proxy form and the form to request for a physical copy of the Annual Report 2025 and Appendix in relation to the Proposed Renewal of the Share Buyback Mandate ("**Request Form**") will be sent by post to members. These documents will also be published at the Company's corporate website at <u>https://ir.dfi.com.sg/</u> and SGXNet at <u>https://www.sgx.com/securities/company-announcements</u>.

<u>Appointment of proxy(ies)</u>

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore (the "**Act**").

3. A proxy need not to be a member of the Company. A member may choose to appoint the Chairman of the AGM as his/her/its proxy.

4. The instrument appointing proxy must be signed by the appointor, or his attorney duly authorised in writing. Where the instrument appointing 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 attached together with the proxy form, falling which the proxy form may be treated as invalid.

5. 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 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.

6. The instrument appointing a proxy, or proxies must be submitted to the Company by the following manners by **11:00 a.m. on Friday, 20 June 2025**, 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 srs.proxy@boardroomlimited.com.

   Members are strongly encouraged to submit the completed proxy forms electronically via email.

7. If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instruction as to voting for, against or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

8. CPF and SRS investors:

   (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM by **5:00 p.m. on Wednesday, 11 June 2025**.

9. A corporation which is a member may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.

10. 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.

11. Completion and submission of the instrument appointing a proxy(ies) does not preclude a member from attending, speaking and voting at the AGM if he/she so wishes. The appointment of proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed during the relevant instrument appointing a proxy(xies) to the AGM.

12. For purposes of the appointment of a proxy(ies) and/ or representative(s), the member(s)' and the proxy(ies)' or representative(s)' full name and full NRIC/ passport number will be required for verification purposes, and the proxy(ies)' or representative(s)' NRIC/ passport will need to be produced for sighting at registration at the AGM. This is so as to ensure that only duly appointed proxy(ies)/ representative(s) attend, speak and vote at the AGM. The Company reserves the right to refuse admittance to the AGM if the proxy(ies)' or representative(s)' identity cannot be verified accurately.

Submission of Questions

13. Members, including CPF Investors and SRS Investors, may submit substantial and relevant questions relating to the business of the AGM in advance by **5:00 p.m. on Friday, 13 June 2025**:

    (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 srs.teamE@boardroomlimited.com.

14. When submitting questions by post or via email, members should provide their particulars as follows for verification purposes:

    (a) Full name (for individuals)/company name (for corporates) as per CDP/SRS account records;

    (b) National Registration Identity Card Number or Passport Number (for individuals) / Company Registration Number (for corporates);

    (c) The manner in which the members hold shares in the Company (e.g. via CDP, CPF or SRS or etc);

    (d) Contact number; and

    (e) Email address.

15. 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 by **5:00 p.m. on Friday, 13 June 2025** by publishing its responses to such questions on the Company's corporate website at https://ir.dfi.com.sg/ and SGXNet at https://www.sgx.com/securities/company-announcements at least 48 hours prior to the closing date and time of the lodgement/receipt of the instruments appointing a proxy(ies). Where substantial and relevant questions submitted by members are unable to be addressed prior to the AGM, the Company will address them at the AGM. Where questions overlap, the Company may consolidate such questions and address them by topic. Consequently, some questions may not be individually addressed.

16. Members and duly appointed proxy(ies) and representative(s) can also ask the Chairman of the AGM substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, at the AGM itself.

Access to Documents

17. The Annual Report 2025 and the Appendix dated 6 June 2025 in relation to the Proposed Renewal of the Share Buyback Mandate ("**Appendix**") have been published and may be accessed at the Company's corporate website at https://ir.dfi.com.sg/ or SGXNet at https://www.sgx.com/securities/company-announcements.

18. A member who wishes to request for a printed copy of the Annual Report 2025 and Appendix may do so by completing and submitting the Request Form by **5:00 p.m. on Friday, 13 June 2025** in the following manner: -

    (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 srs.requestform@boardroomlimited.com.

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 accuracy of the minutes prepared for 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 purposes.

Additional Information on Directors Seeking Re-election

Lee Sze Siang and Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) are the Directors seeking re-election at the forthcoming Annual General Meeting ("**AGM**") of the Company to be convened on Monday, 23 June 2025 under Resolutions 2 and 3 as set out in the Notice of AGM dated 6 June 2025.

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 2025 on pages 12 to 13:

Name of the Directors	**Lee Sze Siang**	**Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B)**
Date of Appointment	13 August 2010	2 May 2024
Date of last re-appointment	27 June 2023	26 June 2024
Age	55	77
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, and suitability of Lee Sze Siang for re-election as director of the Company and concluded that he 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, and suitability of Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) for re-election as director of the Company and concluded that he 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	Executive, Lee Sze Siang is tasked with executing strategic business directions set by the Board and overseeing the operations and business development of the Group, including the Group's financial management and corporate services function.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Lead Independent Director, Chairman of Nominating Committee, Member of Audit Committee and 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		
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil

Name of the Directors	**Lee Sze Siang**	**Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B)**
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)	1. Brand Connect Holding Pte. Ltd.	1. Ketengah Perwira Sdn. Bhd. 2. Atlan Holdings Bhd
Present	1. Atlan Holdings Bhd 2. DFZ Capital Sdn Bhd	1. Metro Meriah Sdn Bhd
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 Lee Sze Siang 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 in respect of Lee Sze Siang was announced via Annual Report 2023 which published to SGXNet on 1 June 2023.	There is no change to the responses previously disclosed by Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) 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 in respect of Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) was published to SGXNet on 26 June 2024.

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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 2025)

IMPORTANT:

1. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS Investors.
2. CPF and SRS investors:
   (a) may vote at the Annual General Meeting ("**AGM**") if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
   (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM by **5:00 p.m. on Wednesday, 11 June 2025**.
3. **Please read the notes overleaf which contain the instruction on, *inter alia*, the appointment of proxy(ies).**

I/We*, ______________________(Name) NRIC/Company/Passport No.*______________________

of ____ (Address)

being a member/members of **DUTY FREE INTERNATIONAL LIMITED** (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or* (*delete where appropriate)*

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing the person, or either or both persons referred to above, the Chairman of the Annual General Meeting (the "**AGM**") as my/our* proxy/proxies* to attend, speak and vote for me/us* on my/our* behalf at the AGM of the Company to be held at RNN Conference Centre, 143 Cecil Street, #11-03 GB Building, Singapore 069542 on **Monday, 23 June 2025** at **11:00 a.m**. and at any adjournment thereof.

I/We* have indicated with an "X" in the appropriate box against each item below how I/we* wish my/our* proxy/proxies* to vote, or to abstain from voting.

No.	**ORDINARY RESOLUTIONS**	**No. of Votes**		
	AS ORDINARY BUSINESS	**For**	**Against**	**Abstain**
1	Adoption of the Audited Financial Statements of the Company for the financial year ended 28 February 2025 together with the Directors' Statement and Auditors' Report thereon.			
2	Re-election of Lee Sze Siang as Director of the Company.			
3	Re-election of Jeneral Tan Sri Dato' Sri Abdullah bin Ahmad @ Dollah bin Amad (B) as Director of the Company.			
4	Approval of Non-Executive Directors' remuneration for the financial year ended 28 February 2025.			
5	Re-appointment of Messrs. Ernst & Young LLP as Auditors of the Company.			
	AS SPECIAL BUSINESS			
6	Share Issue Mandate.			
7	Renewal of Share Buyback Mandate.			

Note: Voting will be conducted by poll.

*If you wish your proxy/proxies to cast all your votes "**For**" or "**Against**" a resolution, please indicate with an "X" in the "**For**" or "**Against**" box provided in respect of that resolution. Alternatively, please indicate the number of votes "**For**" or "**Against**" in the "For" or "Against" box provided in respect of that resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with an "X" in the "**Abstain**" box provided in respect of that resolution. Alternatively, please indicate the number of ordinary shares that your proxy/proxies are directed to abstain from voting in the "**Abstain**" box provided in respect of that resolution. **In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the AGM.***

Dated this ________ day of ____________ 2025

Total Number of Shares held

____

Signature of Member(s)
or Common Seal of Corporate Shareholder

**Delete where appropriate*

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:-

1. Please insert the total number of ordinary shares ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), 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. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore (the "**Act**").

   A member who wishes to appoint a proxy(ies) must complete the instrument appointing a proxy(ies), before submitting it in the manner set out below.

3. A proxy need not to be a member of the Company. A member may choose to appoint the Chairman of the AGM as his/her/its proxy.

4. The instrument appointing a proxy or proxies must be submitted to the Company by the following manners by **11:00 a.m. on Friday, 20 June 2025**, 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 srs.proxy@boardroomlimited.com.

   Members are strongly encouraged to submit completed proxy forms electronically via email.

5. If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instruction as to voting for, against or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Affix
postage
stamp

THE SHARE REGISTRAR
DUTY FREE INTERNATIONAL LIMITED
(Company No.: 200102393E)

C/O BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

6. The instrument appointing proxy must be signed by the appointor, or his attorney duly authorised in writing. Where the instrument appointing 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 attached together with the proxy form, falling which the proxy form may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.

8. 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.

9. Completion and submission of the instrument appointing a proxy(ies) does not preclude a member from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

10. For purposes of the appointment of a proxy(ies) and/ or representative(s), the member(s)' and the proxy(ies)' or representative(s)' full name and full NRIC/passport number will be required for verification purposes, and the proxy(ies)' or representative(s)' NRIC/ passport will need to be produced for sighting at registration at the AGM. This is so as to ensure that only duly appointed proxy(ies)/ representative(s) attend, speak and vote at the AGM. The Company reserves the right to refuse admittance to the AGM if the proxy(ies)' or representative(s)' identity cannot be verified accurately.

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 6 June 2025.

DUTY FREE INTERNATIONAL LIMITED

(200102393E)

www.dfi.com.sg

138 Cecil Street #12-01A Cecil Court Singapore 069538