



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

RESPONSE TO SGX QUERIES

The Board of Directors (“**Board**”) of Duty Free International Limited (“**Company**”, together with its subsidiaries, “**Group**”) has on 23 July 2020 received the following queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in relation to its unaudited financial statements for the first quarter ended 31 May 2020 released on 15 July 2020 and sets out its response as follows:

SGX Query 1:

With regard to page 2 of the Financial Statements, please explain:

- (i) why the percentage decrease in revenue does not correspond to the percentage decrease in inventories purchased and material consumed; and
- (ii) the material variance in promotional expenses.

Company’s response:

- (i) The percentage decrease in inventories purchased and materials consumed is not expected to correspond to the percentage decrease in revenue due to the Group’s nature of business. The Group’s available inventories balance in hand (consist of more than 25,000 of different product assortments) and the product mix the Group purchases and sells in the same reporting period are made up of varied and numerous product assortments. The materials consumed for each financial period would usually consist of products purchased from previous periods.

The Group’s opening stock balance on 1 March 2020 was RM133.4 million and the closing stock balance on 31 May 2020 was RM134.4 million. (Refer paragraph 1 (b)(i) Statement of Financial position on page 3 of the Company’s unaudited financial statement for the quarter ended 31 May 2020).

	1QFY2021	1QFY2020	Variance	
	RM'million	RM'million	RM'million	%
Revenue	43.22	135.64	(92.42)	-68.1%
Inventories purchased and materials consumed	32.86	65.92	(33.06)	-50.2%

	As at 31 May 2020	As at 29 February 2020	Variance	
	RM'million	RM'million	RM'million	%
Inventories	134.37	133.41	0.96	0.7%

- (ii) Promotional expenses increased by RM0.17 million was mainly due to costs incurred by a subsidiary for certain brand promotions which were under accrued in the previous quarter.

SGX Query 2:

With regard to page 6 of the Financial Statements, please provide a breakdown of the line items “trade and other receivables” and “trade and other payables”.

Company’s response:

The breakdown of Trade and Other Receivables (as per paragraph 1(b)(v) on page 7 of the Company’s 1Q FY2021 announcement) are further detailed follows :

	RM'Million
Trade receivables	7.11
Deposits paid (for rental, utilities, security)	5.88
Amount receivable from Berjaya Waterfront Sdn Bhd (please refer to page 8 of the Company’s 1Q FY2021 announcement)	41.34
Amount to be claimed back from Customs in relation to GST paid in relation to Seruntun Maju Sdn Bhd’s legal case with the Royal Malaysian Customs of Perak Darul Ridzuan (please refer to paragraph 10 (ii) of the Company’s 1Q FY2021 announcement on page 22)	3.50
Expenses incurred in relation to a project to be reimbursed back to a subsidiary of the Company upon completion by a third party	3.00
Amount due from suppliers in relation to product rebates, advertising income and reimbursement of trade arrangements eg. logistic costs, warehouse costs, etc.	4.46
Others (rental receivable, miscellaneous income, accrued interest income from banks, GST receivable, etc)	3.20
TOTAL	68.49

The breakdown of Trade and Other Payables (as per paragraph 1(b)(vi) on page 8 of the Company's 1Q FY2021 announcement) are as follows :

	RM'Million
Trade payables	54.58
Deposits received (rental of building and equipment, trade)	1.47
Put Option liability (please refer to Note 23 on page 74 of the Audited Financial Statements for FY2020 which was uploaded to the SGX portal on 15th July 2020)	5.80
Deposit received in relation to the KMSB Agreement (please refer to paragraph 1(b)(v) on page 8 of the Company's 1Q FY2021 announcement)	0.56
Rental of premises payable	9.81
Professional fees payable (audit, secretary, tax fees, legal, etc)	2.18
Management fees payable (please refer to Note 31a) on page 84 of the Audited Financial Statements for FY2020 which was uploaded to the SGX portal on 15th July 2020)	1.40
Directors fees and payroll related expenses payable	1.25
Commissions and promotional expenses payable	1.09
Utilities and maintenance expenses payable	1.24
Logistics and warehouse expenses payable	1.24
Insurance expenses payable	0.74
Others payables (security expenses, printing expenses, travelling expenses, etc)	0.45
TOTAL	81.81

SGX Query 3:

Paragraph 12 of Appendix 7.2 of the Listing Manual provides that if no dividend has been declared, the issuer must provide a statement to that effect in its financial statements and the reason(s) for the decision. Please provide the reason(s) for the decision not to declare a dividend.

Company's response:

In paragraph 12 of the Company's 1Q FY2021 announcement, the Company has stated that there is no dividend declared or recommended by the board of directors for 1Q FY2021. The Group expects its financial performance in the remaining quarters of the financial year ending 2021 to be adversely affected due to the uncertainty and challenging global economic crisis following the global outbreak of COVID-19. In the Company's announcement for 1Q FY2021, the Group reported a loss for the period amounting to RM7.15 million. Accordingly, the Group

is focused on cash preservation, strategic planning, resource allocation and further cost optimization in order to fortify its financial position to weather the challenges ahead.

By Order of the Board

Lee Sze Siang
Executive Director
27 July 2020