



DUTY FREE INTERNATIONAL LIMITED

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

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## RESPONSE TO SGX QUERIES

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The Board of Directors (“**Board**”) of Duty Free International Limited (“**Company**”, together with its subsidiaries, “**Group**”) has on 14 August 2020 received the following queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in relation to its Annual Report for the financial year ended 29 February 2020 (“**FY2020**”) released on 4 August 2020 and sets out its response as follows:

### **SGX Query 1:**

Listing Rule 1207(10C) requires the Audit Committee’s comments on whether the internal audit function is independent, effective and adequately resourced. Please provide information on the relevant experience and qualifications of the head of the internal audit function team.

### **Company’s response:**

The Audit Committee (“**AC**”) is tasked to review the adequacy of the Company’s internal audit function and ensure that a clear reporting structure is in place between the AC and the internal auditor. As disclosed in the Company’s Annual Report, the Internal Audit Department reports directly to the Chairman of the AC and has unfettered access to all the Company’s documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Company.

The Company’s internal auditors conduct annual review of the effectiveness of the Company’s material internal controls, including financial, operational, compliance and information technology controls and risk management at least annually to ensure adequacy thereof. The findings of the review conducted by the internal auditors are presented to the AC. Any material non-compliance or failures in internal controls are reported to the AC.

The AC is of the opinion that the Company’s internal audit function is independent, effective and adequately resourced.

In FY2020, the Company’s internal audit team is headed by Ms Koo Lee Theng who is a Chartered Accountant of the Malaysian Institute of Accountants (MIA), a member of Certified Practising Accountant of Australia (CPA), The Malaysian Institute of Certified Public Accountants (MICPA) and The Institute of Internal Auditor Malaysia (IIA). 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.

### **SGX Query 2:**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted 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 interest of the Company.

### **Company’s response:**

The Company does not practice any form of gender, ethnicity and age group biasness as all candidates for either Board or Senior Management team shall be given fair and equal treatment.

The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group.

Notwithstanding with the above, the Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board’s effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times.

In identifying suitable candidates for appointment to the Board, the Nominating Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

### **SGX Query 3:**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provisions 8.1 of the Code with regards to the disclosure of remuneration (e.g. the disclosure of the remuneration of key management personnel in bands of \$250,000). Please explain the reason(s) for the deviation and clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires 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.

### **Company's response:**

In general, the remuneration is structured so as to link rewards to corporate and individual performance, as in the case of the Managing Director, Executive Director and Senior Management.

The Board does not have any formal remuneration policy. Notwithstanding that, in determining the remuneration packages of Managing Director, Executive Director and Senior Management, the Remuneration Committee has considered the compensation and benefits which commensurate with the level of Managing Director, Executive Director and Senior Management's responsibilities and performance, as well as taking into consideration the Group's performance relative to the industry. The Managing Director and 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.

As disclosed in the Company's Annual Report, the remuneration paid or payable to each Director was below S\$250,000 in FY2020. In addition, none of the key management personnel (who are not Director or Chief Executive Officer of the Company) received remuneration above S\$250,000 in FY2020, except for Mr Andreas Curt Winnen whose remuneration was above S\$500,000 but below S\$750,000.

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

### **SGX Query 4:**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provisions 8.2 of the Code with regards to the disclosure of remuneration (and in particular, whether the disclosures pertaining to employees who are substantial shareholders or immediate family members of substantial shareholders), and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires 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.

**Company's response:**

As disclosed on page 25 of the annual report for FY2020, the Company does not have employees who are 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 FY2020.

**By Order of the Board**

Lee Sze Siang  
Executive Director  
18 August 2020