



DUTY FREE INTERNATIONAL LIMITED

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

RESPONSE TO QUESTIONS FROM SHAREHOLDERS FOR THE ANNUAL GENERAL MEETING OF THE COMPANY

The Board of Directors (“**Board**”) of Duty Free International Limited (“**Company**”, together with its subsidiaries, “**Group**”) would like to thank shareholders for submitting their questions ahead of the Annual General Meeting (“**AGM**”) of the Company to be held by way of electronic means on 27 August 2020 at 11:00 a.m.

The Company’s response to the shareholders’ questions are set out as follows:

Question 1:

How is COVID-19 impacting the Group in the current quarter?

Company’s response:

The imposition of the nationwide Movement Control Order (“MCO”) on 18 March 2020 by the Malaysia Government to curb the outbreak of Covid-19 had resulted in a temporary closure of the Group’s retail outlets in Malaysia. The MCO was immediately followed by the Conditional Movement Control Order (“CMCO”) on 4 May 2020 where only certain outlets were allowed to operate, subject to strict operating procedures imposed by the government. The CMCO was gradually eased to Recovery Movement Control Order (“RMCO”), implemented since 10 June 2020 until to-date. The Group’s retail outlets at the Malaysia-Thai border and airport outlets remained closed as at the date. Similarly, the Group’s operations in Singapore have also been impacted with similar restrictions imposed by the Singapore Government.

Presently there are still restrictions being imposed by Authorities such as closure of the international borders, overseas travel restrictions and strict compliance to the Standard Operating Procedures (“SOPs”) which continue to affect the Group’s business operations in the Group’s second financial quarter.

Question 2:

How much grant received by the Group from Malaysia Government?

Company’s response:

The incentives and support from the Malaysian Government announced to-date in relation to the duty free industry is not substantial. However, with the backing of the Group’s healthy cash balance and low gearing, the Group will continue to stay viable albeit cautiously prudent.

Question 3:

What is the Group's strategy to grow its alternate revenue?

Company's response:

As mentioned in our 1st Quarter FY2021 announcement on 15th July 2020, the outlook for coming financial year is expected to be very challenging and highly uncertain due to the global economic crisis, travel restrictions, and consumers' cautious spending. Consequently, the Group's financial performance is expected to be adversely impacted in the remaining quarters of the financial year ending 2021. Amid these uncertainties, we have taken precautionary measures immediately to address the impact and also undertaken several changes to our operations and updated the health and safety procedures to further protect our employees. The Group had carried out cost cutting measures on the Group's operating overheads and fixed costs, such as manpower planning, deferral of all discretionary expenses and non-critical capital expenditures. Nevertheless, we remain optimistic that, with the support from our staff, our management team and the Board, we will get through these challenging times. The Group's main focus now is on strategic planning, resource allocation and further cost optimization as a preparation for challenges going forward. While the Group remains cautious and prudent in its cost management and capital allocation, the Group intends to continue investing in various initiatives and programmes for strategic growth so as ensure business recovery and sustainability. Furthermore, with the Group's robust balance sheet, we are well-positioned to explore and capitalise on potential synergistic business opportunities to bring greater value to our shareholders.

By Order of the Board

Lee Sze Siang
Executive Director
26 August 2020