CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December 2022

	Note	2022 Underlying business performance US$m	2022 Non-trading items US$m	2022 Total US$m	2021 Underlying business performance US$m restated*	2021 Non-trading items US$m restated*	2021 Total US$m restated*
Revenue	2	9,174.2	–	9,174.2	9,188.2	–	9,188.2
Net operating costs	3	(8,965.0)	35.1	(8,929.9)	(8,874.4)	(3.0)	(8,877.4)
Operating profit	4	209.2	35.1	244.3	313.8	(3.0)	310.8
Financing charges		(126.4)	–	(126.4)	(119.5)	–	(119.5)
Financing income		4.8	–	4.8	0.7	–	0.7
Net financing charges	5	(121.6)	–	(121.6)	(118.8)	–	(118.8)
Share of results of associates and joint ventures	6	(34.9)	(177.1)	(212.0)	(40.4)	(1.4)	(41.8)
(Loss)/profit before tax		52.7	(142.0)	(89.3)	154.6	(4.4)	150.2
Tax	7	(31.4)	0.1	(31.3)	(60.0)	1.1	(58.9)
(Loss)/profit after tax		21.3	(141.9)	(120.6)	94.6	(3.3)	91.3
Attributable to:							
Shareholders of the Company		28.8	(143.4)	(114.6)	104.6	(1.7)	102.9
Non-controlling interests		(7.5)	1.5	(6.0)	(10.0)	(1.6)	(11.6)
		21.3	(141.9)	(120.6)	94.6	(3.3)	91.3
		US¢		US¢	US¢		US¢
(Loss)/earnings per share	8						
– basic		2.14		(8.51)	7.73		7.61
– diluted		2.14		(8.48)	7.73		7.61

* For details of the restatement, refer to note 1.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December 2022

	Note	2022 US$m	2021 US$m
(Loss)/profit for the year		**(120.6)**	91.3
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	*18*	**1.3**	22.1
Net revaluation surplus before transfer to investment properties			
– right-of-use assets	*12*	**38.2**	–
Tax relating to items that will not be reclassified	*7*	**(0.2)**	(3.5)
		39.3	18.6
Share of other comprehensive income of associates and joint ventures		**1.8**	1.0
		41.1	19.6
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net loss arising during the year		**(163.0)**	(19.8)
– transfer to profit and loss		**4.2**	–
		(158.8)	(19.8)
Cash flow hedges			
– net gain arising during the year		**35.4**	10.1
– transfer to profit and loss		**(4.4)**	11.6
		31.0	21.7
Tax relating to items that may be reclassified	*7*	**(1.4)**	(3.3)
Share of other comprehensive expense of associates and joint ventures		**(1.9)**	(1.1)
		(131.1)	(2.5)
Other comprehensive (expense)/income for the year, net of tax		**(90.0)**	17.1
Total comprehensive income for the year		**(210.6)**	108.4
Attributable to:			
Shareholders of the Company		**(205.1)**	120.1
Non-controlling interests		**(5.5)**	(11.7)
		(210.6)	108.4

CONSOLIDATED BALANCE SHEET

at 31st December 2022

	Note	2022 US$m	2021 US$m
Net operating assets			
Intangible assets	*10*	**411.9**	411.9
Tangible assets	*11*	**802.9**	803.3
Right-of-use assets	*12*	**2,670.1**	2,747.6
Investment properties	*13*	**39.8**	–
Associates and joint ventures	*14*	**1,781.4**	2,164.3
Other investments	*15*	**21.7**	11.5
Non-current debtors	*16*	**124.3**	113.2
Deferred tax assets	*17*	**27.3**	14.7
Pension assets	*18*	**6.7**	13.3
Non-current assets		**5,886.1**	6,279.8
Stocks		**871.4**	781.9
Current debtors	*16*	**252.9**	232.0
Current tax assets		**19.5**	15.6
Cash and bank balances	*19*	**230.7**	210.4
		1,374.5	1,239.9
Non-current assets held for sale	*20*	**65.7**	85.1
Current assets		**1,440.2**	1,325.0
Current creditors	*21*	**(2,169.7)**	(2,081.3)
Current borrowings	*22*	**(837.5)**	(743.5)
Current lease liabilities	*23*	**(586.3)**	(640.3)
Current tax liabilities		**(39.9)**	(26.6)
Current provisions	*24*	**(40.2)**	(49.2)
Current liabilities		**(3,673.6)**	(3,540.9)
Net current liabilities		**(2,233.4)**	(2,215.9)
Long-term borrowings	*22*	**(258.7)**	(310.8)
Non-current lease liabilities	*23*	**(2,289.4)**	(2,320.0)
Deferred tax liabilities	*17*	**(40.0)**	(44.0)
Pension liabilities	*18*	**(5.8)**	(7.5)
Non-current creditors	*21*	**(8.7)**	(11.4)
Non-current provisions	*24*	**(108.7)**	(103.0)
Non-current liabilities		**(2,711.3)**	(2,796.7)
		941.4	1,267.2

	Note	2022 US$m	2021 US$m
Total equity			
Share capital	*25*	**75.2**	75.2
Share premium and capital reserves	*27*	**67.6**	60.2
Revenue and other reserves		**804.3**	1,131.8
Shareholders' funds		**947.1**	1,267.2
Non-controlling interests		**(5.7)**	–
		941.4	1,267.2

Approved by the Board of Directors

Ian McLeod
Clem Constantine
Directors

2nd March 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2022

	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue and other reserves US$m	Attributable to shareholders of the Company US$m	Attributable to non-controlling interests US$m	Total equity US$m
2022							
At 1st January	75.2	35.6	24.6	1,131.8	1,267.2	–	**1,267.2**
Total comprehensive income	–	–	–	(205.1)	(205.1)	(5.5)	**(210.6)**
Dividends paid by the Company	–	–	–	(100.9)	(100.9)	–	**(100.9)**
Dividends paid to non-controlling interests	–	–	–	–	–	(0.2)	**(0.2)**
Unclaimed dividends forfeited	–	–	–	0.1	0.1	–	**0.1**
Share-based long-term incentive plans	–	–	7.4	–	7.4	–	**7.4**
Shares purchased for a share-based long-term incentive plan	–	–	–	(20.0)	(20.0)	–	**(20.0)**
Change in interests in associates and joint ventures	–	–	–	(1.6)	(1.6)	–	**(1.6)**
Transfer	–	2.0	(2.0)	–	–	–	**–**
At 31st December	**75.2**	**37.6**	**30.0**	**804.3**	**947.1**	**(5.7)**	**941.4**
2021							
At 1st January	75.1	34.1	25.5	1,187.6	1,322.3	13.6	1,335.9
Total comprehensive income	–	–	–	120.1	120.1	(11.7)	108.4
Dividends paid by the Company	–	–	–	(196.2)	(196.2)	–	(196.2)
Dividends paid to non-controlling interests	–	–	–	–	–	(1.9)	(1.9)
Exercise of options	0.1	(0.1)	–	–	–	–	–
Share-based long-term incentive plans	–	–	0.7	–	0.7	–	0.7
Change in interests in associates and joint ventures	–	–	–	20.3	20.3	–	20.3
Transfer	–	1.6	(1.6)	–	–	–	–
At 31st December	75.2	35.6	24.6	1,131.8	1,267.2	–	1,267.2

Revenue and other reserves at 31st December 2022 comprised revenue reserves of US$1,127.2 million *(2021: US$1,363.1 million)*, hedging reserves of US$38.6 million *(2021: US$9.0 million)*, revaluation reserves of US$38.2 million *(2021: nil)* and exchange reserves of US$399.7 million loss *(2021: US$240.3 million loss)*.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st December 2022

	Note	2022 US$m	2021 US$m
Operating activities			
Operating profit	4	**244.3**	310.8
Depreciation and amortisation	30(a)	**861.0**	885.7
Other non-cash items	30(b)	**(40.4)**	(63.7)
Increase in working capital	30(c)	**(6.7)**	(10.4)
Interest received		**2.6**	0.8
Interest and other financing charges paid		**(123.3)**	(117.2)
Tax paid		**(42.5)**	(110.1)
		895.0	895.9
Dividends from associates and joint ventures		**44.8**	46.4
Cash flows from operating activities		**939.8**	942.3
Investing activities			
Purchase of subsidiaries	30(d)	**(8.8)**	–
Purchase of associates and joint ventures	30(e)	**(8.3)**	(1.6)
Purchase of other investments	30(f)	**(10.0)**	(5.0)
Purchase of intangible assets		**(19.8)**	(26.9)
Purchase of tangible assets		**(223.9)**	(185.1)
Advances to associates and joint ventures	30(g)	**(1.2)**	–
Sale of associates and joint ventures	30(h)	**6.9**	–
Sale of properties	30(i)	**63.6**	86.3
Sale of other tangible assets		**0.5**	7.6
Cash flows from investing activities		**(201.0)**	(124.7)
Financing activities			
Purchase of shares for a share-based long-term incentive plan	30(j)	**(20.0)**	–
Drawdown of borrowings	22	**1,429.4**	1,248.3
Repayment of borrowings	22	**(1,468.7)**	(1,308.2)
Net increase in other short-term borrowings	22	**92.7**	88.7
Principal elements of lease payments	30(k)	**(660.6)**	(672.0)
Dividends paid by the Company	28	**(100.9)**	(196.2)
Dividends paid to non-controlling interests		**(0.2)**	(1.9)
Cash flows from financing activities		**(728.3)**	(841.3)
Net increase/(decrease) in cash and cash equivalents		**10.5**	(23.7)
Cash and cash equivalents at 1st January		**210.0**	234.2
Effect of exchange rate changes		**(6.8)**	(0.5)
Cash and cash equivalents at 31st December	30(l)	**213.7**	210.0

NOTES TO THE FINANCIAL STATEMENTS

General Information

DFI Retail Group Holdings Limited (the 'Company') is incorporated in Bermuda and has a primary listing in the standard segment of the London Stock Exchange, with secondary listings in Bermuda and Singapore.

1. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and Interpretations adopted by the International Accounting Standards Board. The financial statements have been prepared on a going concern basis and under the historical cost convention except as disclosed in the accounting policies.

Details of the Group's principal accounting policies are included in note 38.

The Group has adopted the following amendments for the annual reporting period commencing 1st January 2022.

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract *(effective from 1st January 2022)*

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group applied the amendments from 1st January 2022 and there is no material impact on the Group's consolidated financial statements.

Apart from the above, there are no other amendments which are effective in 2022 and relevant to the Group's operations, that have a significant impact on the Group's results, financial position and accounting policies.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but not yet effective *(note 39)*.

The principal operating subsidiaries, associates and joint ventures have different functional currencies in line with the economic environments of the locations in which they operate. The functional currency of the Company is United States dollars. The consolidated financial statements are presented in United States dollars.

The Group's reportable segments are set out in notes 2, 4 and 6 and are described on page 63.

Reclassification of revenue

During the year, certain sources of income have been reclassified to align with the industry practice. These amounts, totalling US$172.0 million *(2021: US$172.8 million)*, have been reported as revenue while in prior years, they were included in other operating income under net operating costs. This change has been accounted for retrospectively with comparative information restated.

The effects of the restatement on the presentation of consolidated profit and loss account for the year ended 31st December 2021 are as follows:

	As previously reported US$m	Reclassification US$m	Restated US$m
Revenue	9,015.4	172.8	9,188.2
Net operating costs	(8,704.6)	(172.8)	(8,877.4)
Operating profit	310.8	–	310.8

2. Revenue

	Including associates and joint ventures		Subsidiaries	
	2022	2021	**2022**	2021
	US$m	US$m	**US$m**	US$m
		restated*		restated*
Sales of goods				
Analysis by operating segment:				
Food	**20,715.1**	21,390.9	**6,138.4**	6,394.4
– Grocery retail	**18,343.9**	19,047.2	**3,872.4**	4,151.4
– Convenience stores	**2,371.2**	2,343.7	**2,266.0**	2,243.0
Health and Beauty	**2,600.7**	2,361.2	**2,024.6**	1,805.3
Home Furnishings	**839.2**	815.7	**839.2**	815.7
Restaurants	**2,523.8**	2,455.1	**–**	–
Other Retailing	**739.9**	661.3	**–**	–
	27,418.7	27,684.2	**9,002.2**	9,015.4
Revenue from other sources	**178.1**	176.9	**172.0**	172.8
	27,596.8	27,861.1	**9,174.2**	9,188.2

Revenue including associates and joint ventures comprise 100% of revenue from associates and joint ventures.

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Executive Directors of the Company for the purpose of resource allocation and performance assessment. DFI Retail Group operates in five segments: Food, Health and Beauty, Home Furnishings, Restaurants and Other Retailing. Food comprises grocery retail and convenience store businesses (including the Group's associate, Yonghui, a leading grocery retailer in the Chinese mainland). Health and Beauty comprises the health and beauty businesses. Home Furnishings is the Group's IKEA businesses. Restaurants is the Group's associate, Maxim's, one of Asia's leading food and beverage companies. Other Retailing represents the department stores, specialty and Do-It-Yourself ('DIY') stores of the Group's Philippines associate, Robinsons Retail.

Revenue and share of results of Yonghui and Robinsons Retail represent 12 months from October 2021 to September 2022 *(2021: October 2020 to September 2021)*, based on their latest published announcements *(note 6)*.

* For details of restatement, refer to note 1.

2. Revenue continued

Set out below is an analysis of the Group's revenue by geographical locations:

	Including associates and joint ventures		Subsidiaries	
	2022	2021	**2022**	2021
	US$m	US$m	**US$m**	US$m
		restated*		restated*
Analysis by geographical area:				
North Asia	**21,054.3**	21,483.0	**6,332.2**	6,278.3
Southeast Asia	**6,542.5**	6,378.1	**2,842.0**	2,909.9
	27,596.8	27,861.1	**9,174.2**	9,188.2

The geographical areas covering North Asia and Southeast Asia, are determined by the geographical location of customers. North Asia comprises Hong Kong, the Chinese mainland, Macau and Taiwan. Southeast Asia comprises Singapore, Cambodia, the Philippines, Thailand, Malaysia, Indonesia, Vietnam, Brunei and Laos.

3. Net Operating Costs

	2022			2021		
	Underlying business performance	**Non-trading items**	**Total**	Underlying business performance	Non-trading items	Total
	US$m	**US$m**	**US$m**	US$m	US$m	US$m
				restated*	restated*	restated*
Cost of sales	(6,108.4)	–	**(6,108.4)**	(6,145.7)	–	(6,145.7)
Other operating income	31.2	50.5	**81.7**	67.1	28.4	95.5
Selling and distribution costs	(2,402.6)	–	**(2,402.6)**	(2,342.9)	–	(2,342.9)
Administration and other operating expenses	(485.2)	(15.4)	**(500.6)**	(452.9)	(31.4)	(484.3)
	(8,965.0)	**35.1**	**(8,929.9)**	(8,874.4)	(3.0)	(8,877.4)

* For details of restatement, refer to note 1.

3. Net Operating Costs continued

The following (charges)/credits are included in net operating costs:

	2022 US$m	2021 US$m
Cost of stocks recognised as expense	**(6,048.1)**	(6,113.1)
Amortisation of intangible assets *(note 10)*	**(31.5)**	(31.0)
Depreciation of tangible assets *(note 11)*	**(150.8)**	(145.4)
Amortisation/depreciation of right-of-use assets *(note 12)*	**(678.7)**	(709.3)
Impairment of intangible assets *(note 10)*	**(6.3)**	(1.2)
Reversal of impairment/(impairment) of tangible assets *(note 11)*	**0.3**	(5.1)
Impairment of right-of-use assets *(note 12)*	**(0.9)**	–
(Impairment)/reversal of impairment of trade and other debtors	**(1.8)**	4.1
Write down of stocks	**(7.4)**	(6.8)
Reversal of write down of stocks	**2.4**	12.3
Employee benefit expense		
– salaries and benefits in kind	**(963.4)**	(907.9)
– share options and share awards *(note 27)*	**(7.4)**	(0.7)
– defined benefit pension plans *(note 18)*	**(14.4)**	(40.6)
– defined contribution pension plans	**(47.3)**	(46.4)
	(1,032.5)	(995.6)
Expenses relating to short-term leases	**(58.0)**	(63.6)
Expenses relating to variable lease payments not included in lease liabilities	**(23.1)**	(15.7)
Gain on lease modification and termination	**5.0**	25.2
Sublease income	**21.4**	19.3
Rental income from properties	**10.6**	11.0
Interest income from debt investments	**0.6**	–
Auditors' remuneration		
– audit	**(4.7)**	(4.5)
– non-audit services	**(1.0)**	(0.7)
	(5.7)	(5.2)
Net foreign exchange (losses)/gains	**(0.5)**	1.0
Profit on sale of tangible and intangible assets	**28.1**	21.8

In relation to the COVID-19 pandemic, the Group had received government grants and rent concessions of US$2.1 million *(2021: US$9.5 million)* and US$15.4 million *(2021: US$43.4 million)*, respectively, for the year ended 31st December 2022. These subsidies were accounted for as other operating income.

4. Operating Profit

	2022 US$m	2021 US$m
Analysis by operating segment:		
Food	**141.4**	205.3
– Grocery retail	**90.9**	151.3
– Convenience stores	**50.5**	54.0
Health and Beauty	**93.6**	56.4
Home Furnishings	**45.5**	45.0
	280.5	306.7
Selling, general and administrative expenses*	**(147.3)**	(76.3)
Underlying operating profit before IFRS 16†	**133.2**	230.4
IFRS 16 adjustment‡	**76.0**	83.4
Underlying operating profit	**209.2**	313.8
Non-trading items:		
– impairment of intangible assets	**(6.3)**	–
– impairment of right-of-use assets	**(2.2)**	–
– gain on partial disposal of a joint venture	**6.9**	–
– gain on acquisition of an associate	**11.2**	–
– profit on sale of properties	**31.1**	27.2
– business restructuring costs	**(5.8)**	(30.7)
– change in fair value of equity investments	**0.2**	0.5
	244.3	310.8

Set out below is an analysis of the Group's underlying operating profit by geographical locations:

	2022 US$m	2021 US$m
Analysis by geographical area:		
North Asia	**259.7**	285.1
Southeast Asia	**20.8**	21.6
	280.5	306.7
Selling, general and administrative expenses*	**(147.3)**	(76.3)
Underlying operating profit before IFRS 16†	**133.2**	230.4
IFRS 16 adjustment‡	**76.0**	83.4
Underlying operating profit	**209.2**	313.8

* Included costs incurred for e-commerce development and digital innovation.

† Property lease payments and depreciation of reinstatement costs under the lease contracts were included in the Group's analysis of operating and geographical segments' results.

‡ Represented the reversal of lease payments which were accounted for on a straight-line basis, adjusted by the lease contracts recognised under IFRS 16 'Leases', primarily for the depreciation charge on right-of-use assets.

5. Net Financing Charges

	2022 US$m	2021 US$m
Interest expense		
– bank loans and advances	**(33.4)**	(22.0)
– lease liabilities	**(86.3)**	(90.3)
– other loans	**(0.5)**	(1.2)
	(120.2)	(113.5)
Commitment and other fees	**(6.2)**	(6.0)
Financing charges	**(126.4)**	(119.5)
Financing income	**4.8**	0.7
	(121.6)	(118.8)

6. Share of Results of Associates and Joint Ventures

	2022^ US$m	2021^ US$m
Analysis by operating segment:		
Food	**(269.0)**	(91.9)
– Grocery retail	**(269.0)**	(90.2)
– Convenience stores	**–**	(1.7)
Health and Beauty	**1.4**	0.9
Restaurants	**52.2**	51.7
Other Retailing	**3.4**	(2.5)
	(212.0)	(41.8)

Share of results in grocery retail segment included an impairment charge on interest in Robinsons Retail which amounted to US$170.8 million in 2022 *(note 14)*.

Share of results of associates and joint ventures included the following gains/(losses) from non-trading items *(note 9)*:

	2022^ US$m	2021^ US$m
Impairment charge on interest in Robinsons Retail	**(170.8)**	–
Impairment charge of Yonghui's investments	**(17.2)**	(13.9)
Change in fair value of Maxim's investment property	**14.3**	–
Change in fair value of Yonghui's investment property	**5.7**	–
Change in fair value of Yonghui's equity investments	**(11.9)**	12.3
Change in fair value of Robinsons Retail's equity investments	**(1.4)**	0.1
Net gain from divestment of an investment by Yonghui	**4.1**	–
Net gains from sale of debt investments by Robinsons Retail	**0.1**	0.1
	(177.1)	(1.4)

Results are shown after tax and non-controlling interests in the associates and joint ventures.

In relation to the COVID-19 pandemic, included in share of results of associates and joint ventures were the Group's share of the government grants and rent concessions of US$17.7 million *(2021: US$13.7 million)* and US$13.7 million *(2021: US$18.1 million)*, respectively, for the year ended 31st December 2022.

^ Included 12 months results from October 2021 to September 2022 *(2021: October 2020 to September 2021)* for Yonghui and Robinsons Retail *(note 2)*.

7. Tax

	2022 US$m	2021 US$m
Tax charged to profit and loss is analysed as follows:		
Current tax	**(50.9)**	(64.7)
Deferred tax	**19.6**	5.8
	(31.3)	(58.9)
Reconciliation between tax expense and tax at the applicable tax rate:*		
Tax at applicable tax rate	**8.8**	(30.6)
Income not subject to tax	**14.1**	20.1
Expenses not deductible for tax purposes	**(42.4)**	(8.2)
Tax losses and temporary differences not recognised	**(15.5)**	(38.0)
Utilisation of previously unrecognised tax losses and temporary differences	**6.3**	10.1
Recognition of previously unrecognised temporary differences	**5.5**	–
Underprovision in prior years	**(8.4)**	(10.2)
Withholding tax	**(3.7)**	3.0
Change in tax rate	**–**	(0.2)
Other	**4.0**	(4.9)
	(31.3)	(58.9)
Tax relating to components of other comprehensive expense/income is analysed as follows:		
Remeasurements of defined benefit plans	**(0.2)**	(3.5)
Cash flow hedges	**(1.4)**	(3.3)
	(1.6)	(6.8)

Share of tax charge of associates and joint ventures of US$7.1 million *(2021: US$2.9 million)* is included in share of results of associates and joint ventures.

* The applicable tax rate for the year was 14.9% *(2021: 16.1%)* and represented the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The decrease in applicable tax rate was mainly attributable to a change in the geographic mix of the Group's results.

8. (Loss)/Earnings per Share

Basic (loss)/earnings per share are calculated on loss attributable to shareholders of US$114.6 million *(2021: profit of US$102.9 million)*, and on the weighted average number of 1,346.8 million *(2021: 1,352.9 million)* shares in issue during the year.

Diluted (loss)/earnings per share are calculated on loss attributable to shareholders of US$114.6 million *(2021: profit of US$102.9 million)*, and on the weighted average number of 1,350.8 million *(2021: 1,353.1 million)* shares in issue after adjusting for 4.0 million *(2021: 0.2 million)* shares which are deemed to be issued for no consideration under the share-based long-term incentive plans based on the average share price during the year.

The weighted average number of shares is arrived at as follows:

	Ordinary shares in millions	
	2022	2021
Weighted average number of shares in issue	**1,353.3**	1,352.9
Shares held by a subsidiary of the Group under a share-based long-term incentive plan	**(6.5)**	–
Weighted average number of shares for basic earnings per share calculation	**1,346.8**	1,352.9
Adjustment for shares deemed to be issued for no consideration under the share-based long-term incentive plans	**4.0**	0.2
Weighted average number of shares for diluted earnings per share calculation	**1,350.8**	1,353.1

Additional basic and diluted (loss)/earnings per share are also calculated based on underlying profit attributable to shareholders. A reconciliation of earnings is set out below:

	2022			2021		
		Basic (loss)/ earnings per share	**Diluted (loss)/ earnings per share**		Basic earnings per share	Diluted earnings per share
	US$m	**US¢**	**US¢**	US$m	US¢	US¢
(Loss)/profit attributable to shareholders	**(114.6)**	**(8.51)**	**(8.48)**	102.9	7.61	7.61
Non-trading items *(note 9)*	**143.4**			1.7		
Underlying profit attributable to shareholders	**28.8**	**2.14**	**2.14**	104.6	7.73	7.73

9. Non-trading Items

An analysis of non-trading items in operating profit and (loss)/profit attributable to shareholders is set out below:

	Operating profit		(Loss)/profit attributable to shareholders	
	2022	2021	**2022**	2021
	US$m	US$m	**US$m**	US$m
Impairment of intangible assets	**(6.3)**	–	**(6.3)**	–
Impairment of right-of-use assets	**(2.2)**	–	**(2.1)**	–
Gain on partial disposal of a joint venture	**6.9**	–	**6.9**	–
Gain on acquisition of an associate	**11.2**	–	**11.2**	–
Profit on sale of properties *(note 30(i))*	**31.1**	27.2	**29.2**	27.0
Business restructuring costs	**(5.8)**	(30.7)	**(5.4)**	(27.8)
Change in fair value of equity investments	**0.2**	0.5	**0.2**	0.5
Impairment charge on interest in Robsinsons Retail *(note 6)*	**–**	–	**(170.8)**	–
Share of impairment charge of Yonghui's investments	**–**	–	**(17.2)**	(13.9)
Share of change in fair value of Maxim's investment property	**–**	–	**14.3**	–
Share of change in fair value of Yonghui's investment property	**–**	–	**5.7**	–
Share of change in fair value of Yonghui's equity investments	**–**	–	**(11.9)**	12.3
Share of change in fair value of Robinsons Retail's equity investments	**–**	–	**(1.4)**	0.1
Share of net gain from divestment of an investment by Yonghui	**–**	–	**4.1**	–
Share of net gains from sale of debt investments by Robinsons Retail	**–**	–	**0.1**	0.1
	35.1	(3.0)	**(143.4)**	(1.7)

In April 2022, the Group acquired 100% interests in DFI Digital (Hong Kong) Limited ('Digital Hong Kong') and DFI Digital (Singapore) Pte. Limited ('Digital Singapore') from its joint venture, Retail Technology Asia Limited ('RTA'). Following the acquisitions, Digital Hong Kong and Digital Singapore became wholly-owned subsidiaries of the Group. Goodwill amounting to US$13.2 million was recognised and an impairment charge of US$6.3 million on the related goodwill was recorded during the year.

Gain on partial disposal of a joint venture represented the gain arising from the Group's disposal of 8.5% of its interest in RTA, a 50%-owned joint venture in May 2022. The Group's interest in RTA is reduced to 41.5% upon the completion of the transaction.

Gain on acquisition of an associate related to the Group's acquisition of 40% interest in Minden International Pte. Ltd. ('Minden') from a third party in September 2022. Minden supports the Group's customer loyalty programme in Singapore.

Business restructuring costs in 2021 mainly related to the exit costs for withdrawal of the Group's Giant brand investment in Indonesia. In addition, certain balance of restructuring costs relating to the Group's 2018 restructuring of its Southeast Asia Food business was also included in the restructuring costs in 2022 and 2021.

10. Intangible Assets

	Goodwill US$m	Computer software US$m	Other US$m	Total US$m
2022				
Cost	448.8	252.7	13.6	**715.1**
Amortisation and impairment	(143.9)	(147.9)	(11.4)	**(303.2)**
Net book value at 1st January	304.9	104.8	2.2	**411.9**
Exchange differences	(0.1)	(1.4)	(0.1)	**(1.6)**
New subsidiaries	13.2	–	–	**13.2**
Additions	–	26.2	–	**26.2**
Amortisation	–	(31.2)	(0.3)	**(31.5)**
Impairment charge	(6.3)	–	–	**(6.3)**
Net book value at 31st December	**311.7**	**98.4**	**1.8**	**411.9**
Cost	456.3	274.8	12.9	**744.0**
Amortisation and impairment	(144.6)	(176.4)	(11.1)	**(332.1)**
	311.7	**98.4**	**1.8**	**411.9**
2021				
Cost	453.8	232.4	13.6	699.8
Amortisation and impairment	(146.4)	(121.7)	(11.1)	(279.2)
Net book value at 1st January	307.4	110.7	2.5	420.6
Exchange differences	(2.5)	(1.1)	–	(3.6)
Additions	–	27.6	–	27.6
Disposals	–	(0.5)	–	(0.5)
Amortisation	–	(30.7)	(0.3)	(31.0)
Impairment charge	–	(1.2)	–	(1.2)
Net book value at 31st December	304.9	104.8	2.2	411.9
Cost	448.8	252.7	13.6	715.1
Amortisation and impairment	(143.9)	(147.9)	(11.4)	(303.2)
	304.9	104.8	2.2	411.9

10. Intangible Assets continued

Goodwill is allocated to groups of cash-generating units ('CGU') identified by banners or group of stores acquired in each territory.

Addition of goodwill in 2022 related to the acquisitions of the 100% interests in Digital Hong Kong and Digital Singapore.

Management has assessed the recoverable amount of each group of CGU based on value-in-use calculations using cash flow projections in the approved budgets and projections based on the weighted average numbers of years of the remaining lease terms of stores ranging from eight to 11 years.

Following the impairment review, goodwill relating to Digital Hong Kong and Digital Singapore amounting to US$6.3 million was impaired and charged to the profit and loss during the year.

Key assumptions used for value-in-use calculations for the significant balances of goodwill in 2022 include budgeted gross margins between 21% and 29% *(2021: 22% and 27%)* and average sales growth rates between 2.0% and 5.0% *(2021: 2.0% and 5.0%)* to project cash flows, which vary across the Group's business segments and geographical locations, over the weighted average number of years of the remaining lease terms, and are based on management expectations for the market development; and pre-tax discount rates between 8% and 16% *(2021: 5% and 9%)* applied to the cash flow projections. The discount rates used reflect specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of this review, management concluded that no further impairment charge is required.

Other intangible assets comprise mainly trademarks.

The amortisation charges are all recognised in arriving at operating profit and are included in selling and distribution costs, and administration expenses.

The remaining amortisation periods for intangible assets are as follows:

Computer software	up to 7 years
Trademarks	up to 9 years

11. Tangible Assets

	Freehold properties US$m	Buildings on leasehold land US$m	Leasehold improvements US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2022						
Cost	59.0	304.0	904.0	765.5	353.2	**2,385.7**
Depreciation and impairment	(12.1)	(121.0)	(617.8)	(546.6)	(284.9)	**(1,582.4)**
Net book value at 1st January	46.9	183.0	286.2	218.9	68.3	**803.3**
Exchange differences	(1.8)	(12.7)	(14.7)	(8.2)	(2.8)	**(40.2)**
New subsidiaries	–	–	–	–	0.1	**0.1**
Additions	–	0.2	96.3	81.6	30.7	**208.8**
Disposals	–	(10.6)	(1.8)	(1.5)	(0.3)	**(14.2)**
Transfer to investment properties *(note 13)*	–	(0.3)	–	–	–	**(0.3)**
Depreciation charge	(1.1)	(5.6)	(61.4)	(60.1)	(22.6)	**(150.8)**
(Impairment)/reversal of impairment charge	(1.9)	0.7	1.1	0.3	0.1	**0.3**
Reclassified to non-current assets held for sale *(note 20)*	–	(1.2)	–	–	–	**(1.2)**
Reclassified to right-of-use assets *(note 12)*	–	(2.9)	–	–	–	**(2.9)**
Transfer	–	–	–	1.1	(1.1)	**–**
Net book value at 31st December	**42.1**	**150.6**	**305.7**	**232.1**	**72.4**	**802.9**
Cost	56.8	242.9	932.4	799.0	324.5	**2,355.6**
Depreciation and impairment	(14.7)	(92.3)	(626.7)	(566.9)	(252.1)	**(1,552.7)**
	42.1	**150.6**	**305.7**	**232.1**	**72.4**	**802.9**
2021						
Cost	73.0	403.3	833.0	765.2	347.9	2,422.4
Depreciation and impairment	(15.9)	(165.9)	(579.0)	(598.3)	(291.4)	(1,650.5)
Net book value at 1st January	57.1	237.4	254.0	166.9	56.5	771.9
Exchange differences	(1.8)	(4.0)	0.2	(1.0)	(0.3)	(6.9)
Additions	–	–	92.7	102.2	36.5	231.4
Disposals	–	(0.4)	(1.3)	(2.7)	(3.4)	(7.8)
Depreciation charge	(1.2)	(6.7)	(60.6)	(56.2)	(20.7)	(145.4)
(Impairment)/reversal of impairment charge	(0.5)	(3.4)	1.2	(2.1)	(0.3)	(5.1)
Reclassified to non-current assets held for sale *(note 20)*	(6.7)	(28.1)	–	–	–	(34.8)
Transfer	–	(11.8)	–	11.8	–	–
Net book value at 31st December	46.9	183.0	286.2	218.9	68.3	803.3
Cost	59.0	304.0	904.0	765.5	353.2	2,385.7
Depreciation and impairment	(12.1)	(121.0)	(617.8)	(546.6)	(284.9)	(1,582.4)
	46.9	183.0	286.2	218.9	68.3	803.3

11. Tangible Assets continued

Rental income from properties amounted to US$10.6 million *(2021: US$11.0 million)* with no contingent rents *(2021: nil)*.

The maturity analysis of the undiscounted lease payments to be received after the balance sheet date is as follows:

	2022 US$m	2021 US$m
Within one year	**9.9**	13.4
Between one and two years	**4.4**	5.4
Between two and five years	**4.5**	10.4
Beyond five years	**1.3**	1.5
	20.1	30.7

There were no tangible assets pledged as security for borrowings at 31st December 2022 and 2021.

12. Right-of-use Assets

	Leasehold land US$m	Properties US$m	Furniture, equipment & other US$m	Total US$m
2022				
Net book value at 1st January	120.3	2,626.5	0.8	**2,747.6**
Exchange differences	(7.5)	(66.0)	(0.1)	**(73.6)**
Additions	–	175.2	0.2	**175.4**
Revaluation surplus before transfer to investment properties	38.2	–	–	**38.2**
Transfer to investment properties *(note 13)*	(39.5)	–	–	**(39.5)**
Modifications to lease terms	–	503.0	0.1	**503.1**
Amortisation/depreciation charge	(2.6)	(675.7)	(0.4)	**(678.7)**
Impairment charge	(0.9)	–	–	**(0.9)**
Reclassified to non-current assets held for sale *(note 20)*	(4.4)	–	–	**(4.4)**
Reclassified from tangible assets *(note 11)*	2.9	–	–	**2.9**
Net book value at 31st December	**106.5**	**2,563.0**	**0.6**	**2,670.1**
2021				
Net book value at 1st January	177.8	2,693.0	1.3	2,872.1
Exchange differences	(3.2)	(18.1)	–	(21.3)
Additions	–	109.1	0.1	109.2
Modifications to lease terms	–	547.2	–	547.2
Amortisation/depreciation charge	(4.0)	(704.7)	(0.6)	(709.3)
Reclassified to non-current assets held for sale *(note 20)*	(50.3)	–	–	(50.3)
Net book value at 31st December	120.3	2,626.5	0.8	2,747.6

12. Right-of-use Assets continued

Furniture, equipment and other comprise furniture, equipment, plant and machinery, motor vehicles and other.

The typical lease terms associated with the right-of-use assets are as follows:

Leasehold land	25 to 999 years
Properties	1 to 40 years
Furniture, equipment & other	1 to 5 years

There was no leasehold land pledged as security for borrowings at 31st December 2022 and 2021.

13. Investment Properties

	2022 US$m
At 1st January	–
Transfer from tangible assets *(note 11)*	0.3
Transfer from right-of-use assets *(note 12)*	39.5
At 31st December	39.8

At 31st December 2022, an owner-occupied property was transferred to investment property in view of the change in intention to hold the property for long-term rental yield. On the date of transfer, the property was accounted for at its fair value and US$38.2 million was credited to the revaluation reserves *(note 12)*.

The Group measures its investment properties at fair value. The fair value of the Group's investment property at 31st December 2022 has been determined on the basis of valuation carried out by an independent valuer who holds a recognised relevant professional qualification and has recent experience in the location and segment of the investment property valued. The investment property is a leasehold property located in Hong Kong.

The valuation conforms to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors.

Fair value of the investment property is derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. Comparable premises are generally located in the surrounding areas or in other sub-markets which are comparable to the property. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the balance sheet date are as follows:

	2022 US$m
Within one year	0.8
Between one and two years	0.8
Between two and five years	0.4
	2.0

At 31st December 2022, there was no investment property pledged as security for borrowings. There was no investment property at 31st December 2021.

14. Associates and Joint Ventures

	2022 US$m	2021 US$m
Associates		
Listed associates	662.8	826.8
Unlisted associates	519.4	496.8
Share of attributable net assets	1,182.2	1,323.6
Goodwill on acquisition	600.1	834.2
	1,782.3	2,157.8
Joint ventures		
Unlisted joint ventures	(2.1)	6.5
Amount due from a joint venture	1.2	–
	(0.9)	6.5
	1,781.4	2,164.3

Amount due from a joint venture is unsecured and interest-bearing at a fixed rate of 3.13% per annum and is repayable within one year.

	Associates		Joint ventures	
	2022 US$m	2021 US$m	2022 US$m	2021 US$m
Movements of associates and joint ventures during the year:				
At 1st January	2,157.8	2,235.5	6.5	21.0
Exchange differences	(145.2)	(25.6)	0.1	(0.2)
Share of results after tax and non-controlling interests	(197.9)	(25.9)	(14.1)	(15.9)
Share of other comprehensive expense after tax and non-controlling interests	(0.1)	(0.1)	–	–
Dividends received	(44.8)	(46.4)	–	–
Acquisition, capital injections and advances	11.2	–	9.5	1.6
Other movements in attributable interests	1.3	20.3	(2.9)	–
At 31st December	1,782.3	2,157.8	(0.9)	6.5
Fair value of listed associates	1,308.7	1,619.3		

In September 2022, the Group completed the acquisition of 40% interest in Minden from a third party. A gain on acquisition of an associate amounted to US$11.2 million was recognised in the profit and loss during the year.

14. Associates and Joint Ventures continued

An impairment review was performed by the management on the carrying amount of Robinsons Retail in view of the challenging market conditions faced by Robinsons Retail. Following the review, an impairment charge of US$170.8 million was recognised under the share of results of associates and joint ventures in the profit and loss in 2022. The impairment review was performed by comparing the carrying amount of Robinsons Retail with its recoverable amount. The recoverable amount is determined based on a value-in-use calculation using cash flow projections approved by management covering a five-year period. Key assumptions used for value-in-use calculation include average revenue growth rate of 4.0% and average annual profit before interest and tax growth rate of 11.0%. Cash flows beyond the five-year period are extrapolated using growth rate of 3.0% and pre-tax discount rate of 15.2%. The growth rate does not exceed the long-term average industry growth rates in the Philippines, and the pre-tax discount rate reflects specific risks relating to the relevant industry.

For the recoverable amount of Robinsons Retail:

- If the average revenue growth rate used in the value-in-use calculation had been 1% higher/lower than management's estimates, the Group would have a higher headroom of US$47.8 million or recognised a further impairment charge of US$61.7 million;
- If the average annual profit before interest and tax growth rate used in the value-in-use calculation had been 1% higher/lower than management's estimates, the Group would have a higher headroom of US$18.3 million or recognised a further impairment charge of US$15.2 million;
- If the estimated pre-tax discount rate applied to the discounted cash flows had been 1% higher/lower than management's estimates, the Group would have recognised a further impairment charge of US$30.7 million or a higher headroom of US$36.2 million, and
- If the long-term growth rate applied to the discounted cash flows had been 1% higher/lower than management's estimates, the Group would have a higher headroom of US$37.8 million or recognised a further impairment charge of US$30.2 million.

(a) Investment in associates

The material associates of the Group are listed below. These associates have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Nature of investments in material associates in 2022 and 2021:

			% of ownership interest	
Name of entity	Nature of business	Country of incorporation/ place of listing	**2022**	2021
Maxim's Caterers Limited ('Maxim's')	Restaurants	Hong Kong/Unlisted	**50**	50
Yonghui Superstores Co., Ltd ('Yonghui')	Grocery retail	Chinese mainland/Shanghai	**21.13**	21.08
Robinsons Retail Holdings, Inc. ('Robinsons Retail')	Grocery retail, convenience, health and beauty, department stores, specialty and DIY stores	The Philippines/ The Philippines	**21.30**	20.76

Following share buybacks in Yonghui and Robinsons Retail, the Group's interests in Yonghui increased from 21.08% to 21.13% and Robinsons Retail increased from 20.76% to 21.30% in September 2022.

14. Associates and Joint Ventures continued

(a) Investment in associates continued

Summarised financial information for material associates

Summarised balance sheets at 31st December (unless otherwise indicated):

	Maxim's		Yonghui		Robinsons Retail	
	2022	2021	**2022***	2021†	**2022***	2021†
	US$m	US$m	**US$m**	US$m	**US$m**	US$m
Non-current assets	**2,505.6**	2,557.5	**6,130.7**	7,520.2	**1,598.1**	1,864.4
Current assets						
Cash and cash equivalents	**219.1**	247.2	**1,136.7**	1,941.9	**226.5**	291.1
Other current assets	**286.0**	271.4	**1,954.5**	2,426.1	**553.5**	571.1
Total current assets	**505.1**	518.6	**3,091.2**	4,368.0	**780.0**	862.2
Non-current liabilities						
Financial liabilities‡	**(992.2)**	(877.5)	**(3,638.1)**	(3,801.3)	**(384.9)**	(447.1)
Other non-current liabilities	**(163.5)**	(191.1)	**(34.9)**	(51.5)	**(101.6)**	(123.7)
Total non-current liabilities	**(1,155.7)**	(1,068.6)	**(3,673.0)**	(3,852.8)	**(486.5)**	(570.8)
Current liabilities						
Financial liabilities‡	**(600.2)**	(768.7)	**(1,243.2)**	(2,358.6)	**(179.6)**	(171.7)
Other current liabilities	**(112.7)**	(121.2)	**(2,617.4)**	(3,260.7)	**(368.2)**	(431.3)
Total current liabilities	**(712.9)**	(889.9)	**(3,860.6)**	(5,619.3)	**(547.8)**	(603.0)
Non-controlling interests	**(123.2)**	(124.0)	**(39.2)**	(92.0)	**(81.0)**	(100.8)
Net assets	**1,018.9**	993.6	**1,649.1**	2,324.1	**1,262.8**	1,452.0

* Based on unaudited summarised balance sheet at 30th September 2022.

† Based on unaudited summarised balance sheet at 30th September 2021.

‡ Excluded trade and other payables and provisions, which are presented under other current and non-current liabilities.

14. Associates and Joint Ventures continued

(a) Investment in associates continued

Summarised financial information for material associates continued

Summarised statements of comprehensive income for the year ended 31st December (unless otherwise indicated):

	Maxim's		Yonghui		Robinsons Retail	
	2022	2021	**2022^**	2021#	**2022^**	2021#
	US$m	US$m	**US$m**	US$m	**US$m**	US$m
Revenue	**2,524.0**	2,455.2	**13,053.5**	13,013.4	**3,237.3**	3,087.6
Depreciation and amortisation	**(405.8)**	(425.8)	**(654.9)**	(602.1)	**(137.7)**	(144.6)
Interest income	**1.6**	1.7	**36.4**	44.7	**6.8**	10.7
Interest expense	**(34.9)**	(35.9)	**(342.9)**	(407.1)	**(36.4)**	(44.0)
Profit/(loss) from underlying business performance	**86.7**	123.2	**(457.1)**	(577.9)	**148.7**	89.9
Income tax (expense)/credit	**(9.6)**	(24.4)	**11.9**	58.3	**(21.4)**	(12.8)
Profit/(loss) after tax from underlying business performance	**77.1**	98.8	**(445.2)**	(519.6)	**127.3**	77.1
Profit/(loss) after tax from non-trading items	**28.7**	–	**(92.7)**	(7.6)	**(7.1)**	1.1
Profit/(loss) after tax	**105.8**	98.8	**(537.9)**	(527.2)	**120.2**	78.2
Non-controlling interests	**(1.3)**	4.6	**53.6**	73.5	**(10.1)**	(5.1)
Profit/(loss) after tax and non-controlling interests	**104.5**	103.4	**(484.3)**	(453.7)	**110.1**	73.1
Other comprehensive (expense)/income	**(23.3)**	(14.9)	**(0.1)**	0.2	**(5.9)**	(6.7)
Total comprehensive income	**81.2**	88.5	**(484.4)**	(453.5)	**104.2**	66.4
Dividends received from associates	**28.1**	28.3	**5.7**	6.0	**11.0**	12.1

^ Based on unaudited summarised statement of comprehensive income for the 12 months ended 30th September 2022.
# Based on unaudited summarised statement of comprehensive income for the 12 months ended 30th September 2021.

The information contained in the summarised balance sheets and statements of comprehensive income reflect the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates, and fair value of the associates at the time of acquisitions.

14. Associates and Joint Ventures continued

(a) Investment in associates continued

Reconciliation of the summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in its material associates for the year ended 31st December:

	Maxim's		Yonghui		Robinsons Retail		Total	
	2022 US$m	2021 US$m	2022 US$m	2021 US$m	2022 US$m	2021 US$m	2022 US$m	2021 US$m
Net assets	1,018.9	993.6	1,649.1*	2,324.1†	1,262.8*	1,452.0†		
Interests in associates (%)	*50*	*50*	*21.13*	*21.08*	*21.30*	*20.76*		
Group's share of net assets in associates	509.5	496.8	348.5	489.9	269.0	301.4	1,127.0	1,288.1
Goodwill	–	–	476.3	517.9	123.8	316.3	600.1	834.2
Other reconciling items	–	–	30.7	36.2	14.6	(0.7)	45.3	35.5
Carrying value	509.5	496.8	855.5	1,044.0	407.4	617.0	1,772.4	2,157.8
Fair value	n/a	n/a	1,004.0	1,214.8	304.7	404.5		

* Based on unaudited summarised balance sheet at 30th September 2022.
† Based on unaudited summarised balance sheet at 30th September 2021.

Contingent liabilities in respect of associates

There were no contingent liabilities relating to the Group's interests in associates at 31st December 2022 and 2021.

14. Associates and Joint Ventures continued

(b) Investment in joint ventures

In the opinion of the Directors, none of the Group's interests in unlisted joint ventures are considered material.

Commitments and contingent liabilities in respect of joint ventures

The Group has the following commitments relating to its joint ventures at 31st December:

	2022 US$m	2021 US$m
Commitment to provide funding if called	2.8	–

There were no contingent liabilities relating to the Group's interests in the joint ventures at 31st December 2022 and 2021.

15. Other Investments

	2022 US$m	2021 US$m
Equity investments measured at fair value through profit and loss		
– unlisted equity investments	11.7	11.5
Debt investments measured at fair value through profit and loss		
– unlisted debt investments	10.0	–
	21.7	11.5

Debt investments comprised unlisted convertible bonds. All equity and debt investments are non-current assets.

	2022 US$m	2021 US$m
Movements during the year:		
At 1st January	11.5	6.0
Additions	10.0	5.0
Change in fair value recognised in profit and loss	0.2	0.5
At 31st December	21.7	11.5

16. Debtors

	2022 US$m	2021 US$m
Trade debtors		
Third parties	**93.5**	84.6
Associates	**1.0**	–
Joint ventures	**–**	0.3
	94.5	84.9
Less: provision for impairment	**(1.1)**	(2.7)
	93.4	82.2
Other debtors		
Third parties	**287.0**	267.5
Less: provision for impairment	**(3.2)**	(4.5)
	283.8	263.0
	377.2	345.2
Non-current		
– trade debtors	**–**	–
– other debtors	**124.3**	113.2
	124.3	113.2
Current		
– trade debtors	**93.4**	82.2
– other debtors	**159.5**	149.8
	252.9	232.0
	377.2	345.2

Trade and other debtors, other than derivative financial instruments, are stated at amortised cost. The fair values of these debtors approximate their carrying amounts. Derivative financial instruments are stated at fair value.

Other debtors are further analysed as follows:

	2022 US$m	2021 US$m
Derivative financial instruments	**40.9**	10.5
Rental and other deposits	**148.0**	155.9
Other receivables	**21.5**	15.0
Financial assets	**210.4**	181.4
Prepayments	**51.5**	48.5
Other	**21.9**	33.1
	283.8	263.0

16. Debtors continued

Trade and other debtors

Sales of goods to customers are mainly made in cash or by major credit cards and other electronic payments. The average credit period on sales of goods and services varies among Group businesses and is normally not more than 30 days. The maximum exposure to credit risk is represented by the carrying amount of trade debtors after deducting the impairment allowance.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the debtor is impaired. An allowance for impairment of trade and other debtors is made based on the estimated irrecoverable amount.

Impairment of trade and other debtors

At 31st December 2022, trade debtors of US$1.1 million *(2021: US$2.7 million)* were impaired, which have been fully provided for in both years. The ageing analysis of these debtors is as follows:

	Trade debtors	
	2022	2021
	US$m	US$m
Below 30 days	**–**	0.2
Between 31 and 60 days	**–**	–
Between 61 and 90 days	**–**	–
Over 90 days	**1.1**	2.5
	1.1	2.7

The Group has assessed the expected impairment of other debtors, including rental and other deposits, based on the likelihood of collection of the balances at the time at which they are due. As 31st December 2022 and 2021, total amounts deemed uncollectible were immaterial.

Movements in the provisions for impairment are as follows:

	Trade debtors		Other debtors	
	2022	2021	**2022**	2021
	US$m	US$m	**US$m**	US$m
At 1st January	**(2.7)**	(8.5)	**(4.5)**	(4.4)
Exchange differences	**0.1**	0.1	**0.3**	0.1
Additional provisions	**–**	–	**(1.5)**	(3.6)
Unused amounts reversed	**0.5**	5.7	**1.5**	2.9
Amounts written off	**1.0**	–	**1.0**	0.5
At 31st December	**(1.1)**	(2.7)	**(3.2)**	(4.5)

There were no debtors pledged as security for borrowings at 31st December 2022 and 2021.

17. Deferred Tax Assets/(Liabilities)

	Accelerated tax depreciation US$m	Fair value gains/ losses US$m	Employee benefits US$m	Provisions and other temporary differences US$m	Total US$m
2022					
At 1st January	(21.6)	(2.9)	1.1	(5.9)	**(29.3)**
Exchange differences	(0.1)	0.2	(0.2)	(1.3)	**(1.4)**
(Charged)/credited to profit and loss	(3.3)	1.8	(0.5)	21.6	**19.6**
Charged to other comprehensive expense	–	(1.4)	(0.2)	–	**(1.6)**
At 31st December	**(25.0)**	**(2.3)**	**0.2**	**14.4**	**(12.7)**
Deferred tax assets	(0.7)	(2.3)	1.2	29.1	**27.3**
Deferred tax liabilities	(24.3)	–	(1.0)	(14.7)	**(40.0)**
	(25.0)	**(2.3)**	**0.2**	**14.4**	**(12.7)**
2021					
At 1st January	(31.0)	0.4	3.7	(1.9)	(28.8)
Exchange differences	0.7	–	(0.1)	(0.1)	0.5
Credited/(charged) to profit and loss	8.7	–	1.0	(3.9)	5.8
Charged to other comprehensive income	–	(3.3)	(3.5)	–	(6.8)
At 31st December	(21.6)	(2.9)	1.1	(5.9)	(29.3)
Deferred tax assets	3.8	(2.9)	3.3	10.5	14.7
Deferred tax liabilities	(25.4)	–	(2.2)	(16.4)	(44.0)
	(21.6)	(2.9)	1.1	(5.9)	(29.3)

17. Deferred Tax Assets/(Liabilities) continued

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are netted when the taxes relate to the same taxation authority and where offsetting is allowed.

Deferred tax assets of US$99.7 million *(2021: US$90.0 million)* arising from unused tax losses of US$442.6 million *(2021: US$391.0 million)* have not been recognised in the financial statements. Included in the unused tax losses, US$57.0 million have no expiry date and the balance will expire at various dates up to and including 2032.

At 31st December 2022 and 2021, no deferred tax liabilities arising on temporary differences associated with investment in subsidiaries had been recognised as there were no undistributed earnings of these subsidiaries.

18. Pension Plans

The Group operates defined benefit pension plans in Hong Kong, Indonesia, Taiwan and the Philippines, with the major plan in Hong Kong. These plans are final salary defined benefits, calculated based on members' lengths of service and their salaries in the final years leading up to retirement. All pension benefits are paid in one lump sum. With the exception of certain plans, all the defined benefit plans are closed to new members. In addition, all plans are impacted by discount rate while liabilities are driven by salary growth.

The Group's defined benefit plans are both funded and unfunded, with the assets of the funded plans held independently of the Group's assets in separate trustee administered funds. Plan assets held in trusts are governed by local regulations and practices in each country. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the company and the boards of trustees. The Group's major plans are valued by independent actuaries annually using the projected unit credit method.

The amounts recognised in the consolidated balance sheet are as follows:

	2022 US$m	2021 US$m
Fair value of plan assets	**173.9**	197.5
Present value of funded obligations	**(169.7)**	(187.4)
	4.2	10.1
Present value of unfunded obligations	**(3.3)**	(4.3)
Net pension assets	**0.9**	5.8
Analysis of net pension assets:		
Pension assets	**6.7**	13.3
Pension liabilities	**(5.8)**	(7.5)
	0.9	5.8

18. Pension Plans continued

The movements in the net pension assets are as follows:

	Fair value of plan assets US$m	Present value of obligations US$m	Total US$m
2022			
At 1st January	197.5	(191.7)	**5.8**
Current service cost	–	(13.3)	**(13.3)**
Interest income/(expense)	4.6	(4.4)	**0.2**
Past service cost	–	(0.1)	**(0.1)**
Administration expenses	(1.2)	–	**(1.2)**
	3.4	(17.8)	**(14.4)**
	200.9	(209.5)	**(8.6)**
Exchange differences	(0.2)	0.9	**0.7**
Remeasurements			
– return on plan assets, excluding amounts included in interest income	(22.7)	–	**(22.7)**
– change in financial assumptions	–	27.1	**27.1**
– experience losses	–	(3.1)	**(3.1)**
	(22.7)	24.0	**1.3**
Contributions from employers	7.2	–	**7.2**
Contributions from plan participants	0.1	(0.1)	**–**
Benefit payments	(11.8)	11.9	**0.1**
Settlements	–	0.2	**0.2**
Transfer from/(to) other plans	0.4	(0.4)	**–**
At 31st December	**173.9**	**(173.0)**	**0.9**
2021			
At 1st January	187.9	(201.3)	(13.4)
Current service cost	–	(15.8)	(15.8)
Interest income/(expense)	3.5	(3.8)	(0.3)
Past service cost	–	(23.7)	(23.7)
Administration expenses	(0.8)	–	(0.8)
	2.7	(43.3)	(40.6)
	190.6	(244.6)	(54.0)
Exchange differences	(1.2)	1.2	–
Remeasurements			
– return on plan assets, excluding amounts included in interest income	14.3	–	14.3
– change in financial assumptions	–	5.0	5.0
– experience gains	–	2.8	2.8
	14.3	7.8	22.1
Contributions from employers	9.1	–	9.1
Contributions from plan participants	0.1	(0.1)	–
Benefit payments	(16.3)	16.6	0.3
Settlements	–	28.3	28.3
Transfer from/(to) other plans	0.9	(0.9)	–
At 31st December	197.5	(191.7)	5.8

18. Pension Plans continued

The weighted average duration of the defined benefit obligations at 31st December 2022 was 5.7 years *(2021: 6.7 years)*.

Expected maturity analysis of undiscounted pension benefits at 31st December is as follows:

	2022 US$m	2021 US$m
Within one year	**26.7**	18.8
Between one and two years	**21.5**	21.3
Between two and five years	**65.7**	64.1
Between five and ten years	**99.0**	97.8
Between ten and fifteen years	**94.7**	89.2
Between fifteen and twenty years	**65.9**	56.1
Beyond twenty years	**51.5**	39.5
	425.0	386.8

The principal actuarial assumptions used for accounting purposes at 31st December are as follows:

	Hong Kong		Indonesia		Taiwan		The Philippines	
	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
Discount rate	**5.2**	2.4	**7.1**	6.3	**1.6**	0.8	**7.3**	5.1
Salary growth rate	**4.0**	3.8	**5.9**	3.0	**3.0**	2.8	**5.0**	4.0

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is as follows:

		(Increase)/decrease on defined benefit obligations	
	Change in assumption %	Increase in assumption US$m	Decrease in assumption US$m
Discount rate	**1**	**9.2**	**(10.2)**
Salary growth rate	**1**	**(10.0)**	**9.2**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liabilities recognised within the balance sheet.

18. Pension Plans continued

The analysis of the fair value of plan assets at 31st December is as follows:

	2022 US$m	2021 US$m
Investment funds		
Asia Pacific	**38.1**	44.8
Europe	**35.2**	39.7
North America	**88.8**	98.6
Global	**17.5**	13.0
Total investments	**179.6**	196.1
Cash and cash equivalents	**8.1**	13.4
Benefits payable and other	**(13.8)**	(12.0)
	173.9	197.5

At 31st December 2022, 83% *(2021: 87%)* of investment funds were quoted on active markets.

The strategic asset allocation is derived from the asset-liability modelling ('ALM') review, done triennially to ensure the plans can meet future funding and solvency requirements. The last ALM review was completed in 2021, with the modified strategic asset allocation adopted in 2021. The next ALM review is scheduled for 2024.

At 31st December 2022, the Hong Kong plans had assets of US$170.7 million *(2021: US$194.5 million)*.

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2022 were US$7.2 million and the estimated amounts of contributions expected to be paid to all its plans in 2023 are US$7.0 million.

19. Cash and Bank Balances

	2022 US$m	2021 US$m
Deposits with banks	**33.9**	44.5
Bank balances	**47.3**	49.5
Cash balances	**149.5**	116.4
	230.7	210.4
Analysis by currency:		
Chinese renminbi	**10.4**	15.5
Hong Kong dollar	**122.0**	89.9
Indonesian rupiah	**5.6**	12.3
Macau pataca	**17.2**	22.0
Malaysian ringgit	**8.9**	5.6
New Taiwan dollar	**30.8**	36.2
Singapore dollar	**20.2**	12.2
United States dollar	**11.5**	12.3
Other	**4.1**	4.4
	230.7	210.4

The weighted average interest rate on deposits with banks at 31st December 2022 was 1.3% *(2021: 0.1%)* per annum.

20. Non-current Assets Held for Sale

	2022 US$m	2021 US$m
At 1st January	**85.1**	55.2
Exchange differences	**(8.0)**	(1.1)
Disposals	**(17.0)**	(54.1)
Reclassified from tangible assets *(note 11)*	**1.2**	34.8
Reclassified from right-of-use assets *(note 12)*	**4.4**	50.3
At 31st December	**65.7**	85.1

Non-current assets held for sale at 31st December 2022 comprised tangible assets of US$22.4 million *(2021: US$34.8 million)* and right-of-use assets of US$43.3 million *(2021: US$50.3 million)*.

At 31st December 2022, the non-current assets held for sale represented 17 properties in Indonesia including 15 properties brought forward from 31st December 2021, and a piece of vacant land in Malaysia. The sale of these properties is considered to be highly probable in 2023.

At 31st December 2021, the non-current assets held for sale represented 18 properties in Indonesia, three properties in Hong Kong and one retail property in Malaysia. Three properties in Indonesia, one property in Hong Kong and the retail property in Malaysia were sold during the year at a profit of US$30.6 million. Two properties in Hong Kong remained unsold and had been reclassified to the tangible assets and right-of-use assets during the year.

21. Creditors

	2022 US$m	2021 US$m
Trade creditors		
– third parties	**1,209.8**	1,177.8
– associates	**4.1**	3.2
– joint ventures	**0.6**	0.2
	1,214.5	1,181.2
Accruals	**688.8**	661.0
Rental and other refundable deposits	**25.6**	31.9
Derivative financial instruments	**1.0**	0.4
Other creditors	**15.9**	14.0
Financial liabilities	**1,945.8**	1,888.5
Contract liabilities	**231.4**	202.7
Rental income received in advance	**1.0**	1.2
Other	**0.2**	0.3
	2,178.4	2,092.7
Non-current	**8.7**	11.4
Current	**2,169.7**	2,081.3
	2,178.4	2,092.7

Derivative financial instruments are stated at fair value. Other creditors are stated at amortised cost. The fair values of these creditors approximate their carrying amounts.

Contract liabilities principally include payments received in advance from customers for sale of unredeemed gift vouchers and the loyalty points.

During the year, revenue recognised related to the contract liabilities at the beginning of the year amounted to US$169.5 million *(2021: US$146.7 million)*.

22. Borrowings

	2022 US$m	2021 US$m
Current		
– bank overdrafts	**17.0**	0.4
– other bank advances	**714.9**	688.4
	731.9	688.8
Current portion of long-term borrowings		
– bank loans	**105.6**	24.4
– other loans	**–**	30.3
	105.6	54.7
Long-term bank borrowings	**258.7**	310.8
	1,096.2	1,054.3

22. Borrowings continued

All borrowings are unsecured. The fair values of borrowings are not materially different from their carrying amounts.

At 31st December 2021, other loans represented the balance drawn from the interest-free loan facility offered by the Singapore government via Singapore Economic Development Board to the Group in 2020 in response to the COVID-19 pandemic with the aim to ensure sufficient supply of essential food commodities and confidence markers as and when required by the government for the nation's consumption within an agreed time frame. The loan was settled during the year.

The Group's borrowings are further summarised as follows:

	Fixed rate borrowings					
By currency	Weighted average interest rates %	Weighted average period outstanding Year	US$m	Floating rate borrowings US$m	Other borrowings US$m	Total US$m
2022						
Chinese renminbi	4.0	–	–	40.8	–	**40.8**
Hong Kong dollar	2.2	0.1	189.8	190.3	–	**380.1**
Indonesia rupiah	7.3	–	–	141.1	–	**141.1**
Malaysian ringgit	4.5	–	–	230.2	–	**230.2**
United States dollar	0.7	0.2	299.8	4.2	–	**304.0**
			489.6	**606.6**	**–**	**1,096.2**
2021						
Chinese renminbi	4.1	–	–	27.9	–	27.9
Hong Kong dollar	0.7	0.1	189.8	161.8	–	351.6
Indonesia rupiah	5.9	–	–	134.6	–	134.6
Malaysian ringgit	3.6	–	–	209.7	–	209.7
Singapore dollar	–	–	–	0.4	30.3	30.7
United States dollar	0.6	0.2	299.8	–	–	299.8
			489.6	534.4	30.3	1,054.3

The weighted average interest rates and period of fixed rate borrowings were stated after taking into account hedging transactions.

22. Borrowings continued

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at 31st December after taking into account hedging transactions is as follows:

	2022 US$m	2021 US$m
Floating rate borrowings	**606.6**	534.4
Fixed rate borrowings		
– within one year	**100.0**	489.6
– between one and two years	**389.6**	–
	1,096.2	1,024.0

The movements in borrowings are as follows:

	Bank overdrafts US$m	**Short-term borrowings** US$m	**Long-term borrowings** US$m	**Total** US$m
2022				
At 1st January	0.4	743.1	310.8	**1,054.3**
Exchange differences	(0.4)	(26.5)	(2.1)	**(29.0)**
Transfer	–	15.1	(15.1)	**–**
Change in fair value	–	0.5	–	**0.5**
Change in bank overdrafts	17.0	–	–	**17.0**
Drawdown of borrowings	–	1,269.4	160.0	**1,429.4**
Repayment of borrowings	–	(1,273.8)	(194.9)	**(1,468.7)**
Net increase in other short-term borrowings	–	92.7	–	**92.7**
At 31st December	**17.0**	**820.5**	**258.7**	**1,096.2**
2021				
At 1st January	43.4	808.6	242.3	1,094.3
Exchange differences	0.3	(9.7)	(0.3)	(9.7)
Transfer	–	27.1	(27.1)	–
Change in fair value	–	1.2	–	1.2
Change in bank overdrafts	(43.3)	–	–	(43.3)
Drawdown of borrowings	–	663.0	585.3	1,248.3
Repayment of borrowings	–	(818.8)	(489.4)	(1,308.2)
Net increase in other short-term borrowings	–	88.7	–	88.7
Other	–	(17.0)	–	(17.0)
At 31st December	0.4	743.1	310.8	1,054.3

Net change in other short-term borrowings represents the aggregated net drawdown and repayment movement under the Group's global liquidity cash pooling scheme, which is implemented for enhancing the daily cash flow management.

23. Lease Liabilities

	2022 US$m	2021 US$m
At 1st January	**2,960.3**	3,070.4
Exchange differences	**(77.9)**	(23.0)
Additions	**171.9**	106.7
Modifications to lease terms	**482.0**	478.2
Lease payments	**(746.9)**	(762.3)
Interest expense	**86.3**	90.3
At 31st December	**2,875.7**	2,960.3
Non-current	**2,289.4**	2,320.0
Current	**586.3**	640.3
	2,875.7	2,960.3

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The Group was not exposed to any residual guarantees in respect of the leases entered into at 31st December 2022 and 2021.

The Group has not entered into any material lease contracts which have not commenced at 31st December 2022 and 2021.

24. Provisions

	Closure cost provisions US$m	Reinstatement and restoration costs US$m	Statutory employee entitlements US$m	Total US$m
2022				
At 1st January	14.0	138.2	–	**152.2**
Exchange differences	(0.8)	(1.1)	–	**(1.9)**
Additional provisions	4.4	5.9	4.2	**14.5**
Unused amounts reversed	(5.1)	(1.6)	–	**(6.7)**
Utilised	(6.2)	(3.0)	–	**(9.2)**
At 31st December	**6.3**	**138.4**	**4.2**	**148.9**
Non-current	0.1	104.4	4.2	**108.7**
Current	6.2	34.0	–	**40.2**
	6.3	**138.4**	**4.2**	**148.9**
2021				
At 1st January	14.0	139.8	–	153.8
Exchange differences	(0.2)	(1.7)	–	(1.9)
Additional provisions	31.2	4.2	–	35.4
Unused amounts reversed	(8.4)	(0.9)	–	(9.3)
Utilised	(22.6)	(3.2)	–	(25.8)
At 31st December	14.0	138.2	–	152.2
Non-current	0.1	102.9	–	103.0
Current	13.9	35.3	–	49.2
	14.0	138.2	–	152.2

Closure cost provisions are established when legal or constructive obligations, and obligations from restructuring plans, arise from store closure or disposal of businesses.

Provisions for reinstatement and restoration costs comprise the estimated costs, to be incurred by the Group as lessees, in dismantling and removing the underlying assets, restoring the sites on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the leases.

25. Share Capital

	2022 US$m	2021 US$m
Authorised:		
2,250,000,000 shares of US¢5 5/9 each	**125.0**	125.0
500,000 shares of US$800 each	**400.0**	400.0
	525.0	525.0

	Ordinary shares in millions			
	2022	2021	**2022 US$m**	2021 US$m
Issued and fully paid:				
Ordinary shares of US¢5 5/9 each				
At 1st January	**1,352.9**	1,352.7	**75.2**	75.1
Issue under share-based long-term incentive plans	**0.4**	0.2	**–**	0.1
At 31st December	**1,353.3**	1,352.9	**75.2**	75.2

26. Share-based Long-term Incentive Plans

Share-based long-term incentive plans ('LTIP') have been put in place to provide incentives for selected executives. Awards take the form of share options to purchase ordinary shares in the Company with exercise prices based on the then prevailing market prices, however, share awards which will vest free of payment may also be made. Awards normally vest on or after the first, second and third anniversary of the date of grant and may be subject to the achievement of performance conditions.

An LTIP was adopted by the Company on 5th March 2015. During 2022, conditional awards amounted to US$2.5 million and 5,182,398 shares were awarded under the LTIP. Under these awards, shares are granted to selected executives to align their long-term rewards with shareholders' interest. Conditions, if any, are at the discretion of the Directors. The fair value of the share awards granted during the year was US$16.9 million. The inputs into the discounted cash flow valuation model were share price of US$2.96 per share at the grant date, dividend yield of 3.25% and annual risk-free interest rates ranged from 1.66% to 2.46%. There were no share awards granted in 2021.

Prior to the adoption of the LTIP, The Dairy Farm International Share Option Plan 2005 provided selected executives with options to purchase ordinary shares in the Company. The exercise prices of the granted options were, in general, based on the average market prices for the five trading days immediately preceding the dates of grant of the options. Options are normally vested over a period of up to three years and are exercisable for up to ten years following the date of grant. No options were granted in 2022 and 2021.

26. Share-based Long-term Incentive Plans continued

Movements of the outstanding conditional awards during the year:

	Conditional awards in millions	
	2022	2021
At 1st January	**0.4**	0.6
Granted	**5.4**	–
Lapsed	**(0.3)**	–
Released	**(0.4)**	(0.2)
At 31st December	**5.1**	0.4

Outstanding conditional awards at 31st December:

	Conditional awards in millions	
Awards vesting date	**2022**	2021
2022	**–**	0.2
2023	**1.8**	0.2
2024	**1.6**	–
2025	**1.7**	–
Total outstanding	**5.1**	0.4

At 31st December 2022, there were also outstanding conditional awards of US$2.0 million *(2021: nil)* related to the US$2.5 million conditional awards awarded during the year. The awards vesting date is set out below:

	Conditional awards	
Awards vesting date	**2022 US$**	2021 US$
2023	**0.5**	–
2024	**0.5**	–
2025	**0.5**	–
2026	**0.5**	–
Total outstanding	**2.0**	–

26. Share-based Long-term Incentive Plans continued

Movements of the outstanding options during the year:

	2022		2021	
	Weighted average exercise price US$	Options in millions	Weighted average exercise price US$	Options in millions
At 1st January	**8.4746**	**1.3**	8.4746	1.3
Lapsed	**8.9060**	**(0.2)**	–	–
At 31st December	**8.3925**	**1.1**	8.4746	1.3

The average share price during the year was US$2.70 *(2021: US$3.91)* per share.

Outstanding options at 31st December:

Expiry date	Exercise price US$	Options in millions 2022	Options in millions 2021
2023	12.1580	**0.2**	0.2
2026	5.9320	**0.4**	0.4
2027	8.9060	**0.5**	0.7
Total outstanding		**1.1**	1.3
of which exercisable		**1.1**	1.3

Additionally, an LTIP 2018-2022 was adopted by the Company on 5th December 2018. The cash-settled scheme has been designed to align management's reward with shareholders' interests, over a five-year period, while also considering how management delivers earnings growth. This scheme aims at investing in new people capabilities as well as retaining high potential individuals for stronger succession planning. The scheme has been designed to appropriately compensate, attract and retain experienced senior management. The performance period of the scheme was extended by one year to 2023 in 2021.

The scheme will be predominantly measured based on compound growth in underlying earnings per share. To ensure that the growth is delivered appropriately, another measure based on health of business (focussed on areas such as quality of earnings and balance sheet strength) is also incorporated. Finally, a sustainability check will be applied after the end of the measurement period to ensure that the results are sustainable.

27. Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2022			
At 1st January	35.6	24.6	**60.2**
Share-based long-term incentive plans			
– value of employee services	–	8.1	**8.1**
– share awards lapsed	–	(0.7)	**(0.7)**
Transfer	2.0	(2.0)	**–**
At 31st December	**37.6**	**30.0**	**67.6**
2021			
At 1st January	34.1	25.5	59.6
Share-based long-term incentive plans			
– value of employee services	–	0.7	0.7
– share options exercised	(0.1)	–	(0.1)
Transfer	1.6	(1.6)	–
At 31st December	35.6	24.6	60.2

Capital reserves comprise contributed surplus of US$20.1 million *(2021: US$20.1 million)* and other reserves of US$9.9 million *(2021: US$4.5 million)*, which represent the value of employee services under the Company's share-based long-term incentive plans. The contributed surplus principally arose from the conversion of convertible preference shares in 1989 and, under the Bye-laws of the Company, is distributable.

28. Dividends

	2022 US$m	2021 US$m
Final dividend in respect of 2021 of US¢6.50 *(2020: US¢11.50)* per share	**87.9**	155.6
Interim dividend in respect of 2022 of US¢1.00 *(2021: US¢3.00)* per share	**13.5**	40.6
	101.4	196.2
Dividends on shares held by a subsidiary of the Group under a share-based long-term incentive plan	**(0.5)**	–
	100.9	196.2

A final dividend in respect of 2022 of US¢2.00 *(2021: US¢6.50)* per share amounting to a total of US$27.1 million *(2021: US$87.9 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2023 Annual General Meeting. This amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2023.

29. Geographical Analysis of Non-current Assets

Set out below is an analysis of the Group's non-current assets, excluding financial instruments, non-current debtors, deferred tax assets and pension assets, by geographical area:

	2022 US$m	2021 US$m
North Asia	**3,543.2**	3,874.6
Southeast Asia	**2,162.9**	2,252.5
At 31st December	**5,706.1**	6,127.1

30. Notes to Consolidated Cash Flow Statement

	2022 US$m	2021 US$m
(a) Depreciation and amortisation		
Food	**594.7**	598.9
– Grocery retail	**345.4**	347.4
– Convenience stores	**249.3**	251.5
Health and Beauty	**152.8**	176.4
Home Furnishings	**92.8**	93.1
Selling, general and administrative expenses	**20.7**	17.3
	861.0	885.7
(b) Other non-cash items		
By nature:		
Profit on sale of tangible and intangible assets	**(28.1)**	(21.8)
Change in fair value of equity investments	**(0.2)**	(0.5)
Impairment of tangible and intangible assets	**6.0**	6.3
Impairment of right-of-use assets	**0.9**	–
Write down of stocks	**7.4**	6.8
Reversal of write down of stocks	**(2.4)**	(12.3)
Change in provisions	**0.7**	29.6
Gain on lease modification and termination	**(5.0)**	(25.2)
Gain on partial disposal of a joint venture	**(6.9)**	–
Gain on acquisition of an associate	**(11.2)**	–
Share-based payment	**7.4**	0.7
Impairment/(reversal of impairment) of trade and other debtors	**1.8**	(4.1)
Fair value loss on fair value hedges	**0.4**	0.2
Rent concessions received	**(15.4)**	(43.4)
Notional interest expense on other loans	**0.5**	1.2
Amortisation of government grant on other loans	**(0.5)**	(1.2)
Realisation of exchange translation difference	**4.2**	–
	(40.4)	(63.7)

30. Notes to Consolidated Cash Flow Statement continued

	2022 US$m	2021 US$m
(c) Increase in working capital		
Increase in stocks	**(115.8)**	(7.4)
(Increase)/decrease in debtors	**(7.4)**	55.0
Increase/(decrease) in creditors	**116.5**	(58.0)
	(6.7)	(10.4)

(d) Purchase of subsidiaries

	2022 US$m
Non-current assets	**0.1**
Current assets	**8.1**
Current liabilities	**(7.0)**
Fair value of identifiable net assets acquired	**1.2**
Goodwill	**13.2**
Consideration paid	**14.4**
Cash and cash equivalents at the date of acquisitions	**(5.6)**
Net cash outflows	**8.8**

In April 2022, the Group acquired 100% interests in Digital Hong Kong and Digital Singapore, developing and driving digital innovation businesses, from its joint venture, RTA, for a total net cash consideration of US$8.8 million.

The fair values of the identifiable assets and liabilities at the acquisition date are provisional and will be finalised within one year after the acquisition date.

The goodwill arising from the acquisitions amounting to US$13.2 million was attributable to its ownership interest in the intellectual property.

None of the goodwill is expected to be deductible for tax purposes.

Revenue and loss after tax since acquisitions in respect of the subsidiaries acquired during the year amounted to US$0.3 million and US$30.6 million, respectively. Had the acquisitions occurred on 1st January 2022, consolidated revenue and consolidated loss after tax for the year ended 31st December 2022 would have been US$9,174.2 million and US$127.2 million, respectively.

(e) Purchase of associates and joint ventures in 2022 mainly related to the capital injection of US$8.3 million in the Group's digital joint venture.

Purchase in 2021 mainly related to the capital injection of US$1.6 million in the Group's health and beauty business in Vietnam.

30. Notes to Consolidated Cash Flow Statement continued

(f) Purchase of other investments mainly related to the Group's subscription of a five-year convertible bond of Pickupp Limited, a delivery platform founded in Hong Kong, for a principal of US$10.0 million in January 2022.

Purchase in 2021 mainly related to the Group's investment in the equity interest of Pickupp Limited.

(g) Advances to associates and joint ventures represented the Group's advances to its health and beauty joint venture in Thailand in 2022.

(h) Sale of associates and joint ventures mainly related to the proceeds from the Group's disposal of 8.5% of its interest in RTA amounted to US$6.9 million in May 2022.

(i) Sale of properties in 2022 mainly related to disposal of three properties in Indonesia and one property in Hong Kong, Singapore and Malaysia, respectively, for a total cash consideration of US$63.6 million, and a gain on disposal of properties amounted to US$31.1 million was recognised *(note 9)*.

Sale of properties in 2021 mainly related to disposal of six properties in Malaysia, three properties in Taiwan, two properties in Hong Kong and two properties in Indonesia for a total cash consideration of US$86.3 million, and a gain on disposal of properties amounted to US$27.2 million was recorded *(note 9)*.

(j) Purchase of shares for a share-based long-term incentive plan in 2022 related to the purchase of 7,912,100 ordinary shares from the stock market by a subsidiary of the Group for a total consideration of US$20.0 million.

(k) Cash outflows for leases

	2022 US$m	2021 US$m
Lease rentals paid	**(746.9)**	(762.3)
Additions to right-of-use assets	**–**	–
	(746.9)	(762.3)
The above cash outflows are included in		
– operating activities	**(86.3)**	(90.3)
– investing activities	**–**	–
– financing activities	**(660.6)**	(672.0)
	(746.9)	(762.3)

(l) Analysis of balances of cash and cash equivalents

	2022 US$m	2021 US$m
Cash and bank balances *(note 19)*	**230.7**	210.4
Bank overdrafts *(note 22)*	**(17.0)**	(0.4)
	213.7	210.0

31. Derivative Financial Instruments

The fair values of derivative financial instruments at 31st December are as follows:

	2022		2021	
	Positive fair value US$m	**Negative fair value US$m**	Positive fair value US$m	Negative fair value US$m
Designated as cash flow hedges				
– forward foreign exchange contracts	**11.8**	**0.3**	5.4	0.2
– interest rate swaps	**28.8**	**–**	5.1	–
	40.6	**0.3**	10.5	0.2
Designated as fair value hedges				
– forward foreign exchange contracts	**0.3**	**0.7**	–	0.2
	0.3	**0.7**	–	0.2

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2022 were US$588.8 million *(2021: US$945.5 million)*.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts at 31st December 2022 were US$489.6 million *(2021: US$489.6 million)* and the fixed interest rates relating to interest rate swaps varied from 0.39% to 0.67% *(2021: 0.39% to 0.67%)* per annum.

The fair values of interest rate swaps at 31st December 2022 were based on the estimated cash flows discounted at market rates ranging from 4.7% to 5.1% *(2021: 0.2%)* per annum.

The Group has aggregated notional principal and contract amounts of US$199.8 million *(2021: US$199.8 million)* in interest rate swaps referencing to US$ LIBOR that will expire beyond 30th June 2023, the cessation date of US$ LIBOR. These have carrying values of US$13.4 million *(2021: US$2.2 million)* included in debtors at 31st December 2022.

32. Commitments

	2022 US$m	2021 US$m
Capital commitments		
Authorised not contracted		
– other	**116.9**	142.0
Contracted not provided		
– joint venture	**2.8**	–
– other	**11.4**	42.6
	131.1	184.6

Operating lease commitments for short-term and low-value asset leases which were due within one year amounted to US$5.6 million at 31st December 2022 *(2021: US$15.2 million)*.

Total future sublease payments receivable amounted to US$19.5 million at 31st December 2022 *(2021: US$16.6 million)*.

33. Contingent Liabilities

Various Group companies are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the financial statements.

34. Related Party Transactions

The parent company of the Group is Jardine Strategic Limited ('JSL') and the ultimate parent company is Jardine Matheson Holdings Limited ('JMH'). Both companies are incorporated in Bermuda.

In the normal course of business, the Group undertakes a variety of transactions with JMH and certain of its subsidiaries, associates and joint ventures. The more significant of such transactions are described below.

The Group pays management fees to Jardine Matheson Limited ('JML'), a wholly-owned subsidiary of JMH, under the terms of a Management Services Agreement, for certain management consultancy services provided by JML. The management fees paid by the Group to JML in 2022 were US$0.3 million *(2021: US$0.5 million)*. The Group also paid directors' fees of US$0.3 million in 2022 *(2021: US$0.3 million)* to JML.

The Group rents properties from Hongkong Land ('HKL') and Mandarin Oriental Hotel Group ('MOHG'), subsidiaries of JMH. The lease payments paid by the Group to HKL and MOHG in 2022 were US$2.8 million *(2021: US$2.7 million)* and US$0.7 million *(2021: US$0.7 million)*, respectively. The Group's 50%-owned associate, Maxim's, also paid lease payments of US$8.3 million *(2021: US$10.6 million)* to HKL in 2022.

The Group obtains repairs and maintenance services from Jardine Engineering Corporation ('JEC'), a subsidiary of JMH. The total fees paid by the Group to JEC in 2022 amounted to US$3.5 million *(2021: US$2.9 million)*.

34. Related Party Transactions continued

Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. In 2022, these amounted to US$41.9 million *(2021: US$33.8 million)*.

The Group's digital joint venture, RTA group, implements point-of-sale system and provides consultancy services to the Group. The total fees paid by the Group to RTA group in 2022 amounted to US$13.1 million *(2021: US$5.0 million)*.

Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors, as appropriate.

Balances with group companies of JMH at 31st December 2022 and 2021 are immaterial, unsecured, and have no fixed terms of repayment.

Details of Directors' remuneration (being key management personnel compensation) are shown on page 155 under the heading of 'Remuneration Outcomes in 2022'.

35. Summarised Balance Sheet of the Company

Included below is certain summarised balance sheet information of the Company at 31st December disclosed in accordance with Bermuda law.

	2022 US$m	2021 US$m
Subsidiaries, at cost less provision*	**616.2**	556.8
Current liabilities	**(10.6)**	(3.8)
Net operating assets	**605.6**	553.0
Share capital *(note 25)*	**75.2**	75.2
Share premium and capital reserves *(note 27)*	**67.6**	60.2
Revenue and other reserves	**462.8**	417.6
Shareholders' funds	**605.6**	553.0

* Included intercompany balances due from/(to) subsidiaries.

36. Post Balance Sheet Event

In February 2023, the Group entered into sale and purchase agreements with a third party to dispose of certain of its subsidiaries and assets in Malaysia which support the operation of the Group's grocery retail business in Malaysia. These transactions are expected to be completed in the first half of 2023. Upon completion of the transactions, the Group will exit the grocery retail business in Malaysia. The Group is assessing the impact of these transactions on the financial statements. Based on a preliminary assessment, it is estimated that a loss of approximately US$50.0 million to US$70.0 million, mainly from the realisation of non-cash exchange translation differences, will be charged to the profit and loss account in the year ending 31st December 2023.

37. Principal Subsidiaries

The Group's principal subsidiaries at 31st December 2022 are set out below:

Company name	Country of incorporation	Nature of business	Attributable interests 2022 %	Attributable interests 2021 %	Proportion of ordinary shares and voting powers at 31st December 2022 held by the Group %	Proportion of ordinary shares and voting powers at 31st December 2022 held by non-controlling interests %
DFI Retail Group Management Limited†	Bermuda	Holding	**100**	100	**100**	**–**
DFI Retail Group Management Services Limited†	Bermuda	Group management	**100**	100	**100**	**–**
DFI Treasury Limited†	British Virgin Islands	Treasury	**100**	100	**100**	**–**
DFI (China) Commercial Investment Holding Company Limited	Chinese mainland	Investment holding	**100**	100	**100**	**–**
Guangdong Sai Yi Convenience Stores Limited	Chinese mainland	Convenience stores	**65**	65	**65**	**35**
Mannings Guangdong Retail Company Limited	Chinese mainland	Health and beauty stores	**100**	100	**100**	**–**
The Dairy Farm Company, Limited	Hong Kong	Investment holding, grocery retail, convenience, health and beauty and home furnishings stores	**100**	100	**100**	**–**
Wellcome Company Limited	Hong Kong	Property and food processing	**100**	100	**100**	**–**
DFI Development (HK) Limited	Hong Kong	Customer loyalty programme	**100**	100	**100**	**–**
San Miu Supermarket Limited	Macau	Grocery retail stores	**100**	100	**100**	**–**
DFI Home Furnishings Taiwan Limited	Taiwan	Home furnishings stores	**100**	100	**100**	**–**
GCH Retail (Malaysia) Sdn. Bhd.	Malaysia	Grocery retail stores	**85**	85	**70**	**30**
Guardian Health And Beauty Sdn. Bhd.	Malaysia	Health and beauty stores	**100**	100	**100**	**–**
PT Hero Supermarket Tbk	Indonesia	Investment holding, grocery retail and health and beauty stores	**89**	89	**89**	**11**
PT Rumah Mebel Nusantara	Indonesia	Home furnishings stores	**89**	89	**89**	**11**
Guardian Health And Beauty (B) Sdn. Bhd.	Brunei	Health and beauty stores	**100**	100	**100**	**–**
Cold Storage Singapore (1983) Pte Limited	Singapore	Grocery retail, convenience and health and beauty stores	**100**	100	**100**	**–**
DFI Lucky Private Limited	Cambodia	Grocery retail and health and beauty stores	**70**	70	**70**	**30**

All subsidiaries are included in the consolidation.

Attributable interests represent the proportional holdings of the Company, held directly or through its subsidiaries, in the issued share capital of the respective companies, after the deduction of any shares held by the trustees of the employee share option schemes of any such company and any shares in any such company owned by its wholly-owned subsidiaries.

† Directly held by the Company.

38. Principal Accounting Policies

Basis of consolidation

(i) The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group's interests in associates and joint ventures.

(ii) A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition includes the fair value at the acquisition date of any contingent consideration. The Group recognises the non-controlling interest's proportionate share of the recognised identifiable net assets of the acquired subsidiary. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in profit and loss. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognised in profit and loss.

All material intercompany transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated.

(iii) An associate is an entity, not being a subsidiary or a joint venture, over which the Group exercises significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates and joint ventures are included on the equity basis of accounting.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the associates and joint ventures.

(iv) Non-controlling interests represent the proportion of the results and net assets of subsidiaries and their associates and joint ventures not attributable to the Group.

(v) The results of subsidiaries, associates and joint ventures are included or excluded from their effective dates of acquisition or disposal, respectively. The results of entities other than subsidiaries, associates and joint ventures are included to the extent of dividends received when the right to receive such dividend is established.

38. Principal Accounting Policies continued

Foreign currencies

Transactions in foreign currencies are accounted for at the exchange rates ruling at the transaction dates.

Assets and liabilities of subsidiaries, associates and joint ventures, together with all other monetary assets and liabilities expressed in foreign currencies, are translated into United States dollars at the rates of exchange ruling at the year end. Results expressed in foreign currencies are translated into United States dollars at the average rates of exchange ruling during the year, which approximate the exchange rates at the dates of the transactions.

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries, associates and joint ventures, and of financial instruments which are designated as hedges of such investments, are recognised in other comprehensive income and accumulated in equity under exchange reserves. On the disposal of these investments, such exchange differences are recognised in profit and loss. Exchange differences on other investments measured at fair value through profit and loss are recognised in profit and loss as part of the gains and losses arising from changes in their fair values. All other exchange differences are recognised in profit and loss.

Goodwill and fair value adjustments arising on acquisition of a foreign entity after 1st January 2003 are treated as assets and liabilities of the foreign entity and translated into United States dollars at the rates of exchange ruling at the year end.

Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the assets may be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is a separately identifiable cash flow. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the units may be impaired. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value-in-use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment annually.

Intangible assets

(i) Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previously held equity interest in the acquiree over the acquisition-date fair value of the Group's share of the net identifiable assets acquired. Non-controlling interests are measured at their proportionate share of the net identifiable assets at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in profit and loss. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in investment in associates and joint ventures. Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing and is carried at cost less accumulated impairment loss.

    The profit or loss on disposal of subsidiaries, associates and joint ventures is stated after deducting the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets, consisting of trademarks and computer software, are stated at cost less accumulated amortisation and impairment. Amortisation is calculated on the straight-line basis to allocate the cost of intangible assets over their estimated useful lives.

38. Principal Accounting Policies continued

Tangible assets and depreciation

Freehold properties comprised land and buildings. Freehold land is stated at cost less any impairment. No depreciation is provided on freehold land as it is deemed to have an indefinite life. Buildings on freehold and leasehold land are stated at cost less any accumulated depreciation and impairment. Other tangible assets are stated at cost less amounts provided for depreciation and impairment.

Depreciation of tangible assets is calculated on the straight-line basis to allocate the cost of each asset to its residual value over its estimated useful life. The residual values and useful lives are reviewed at each balance sheet date. The estimated useful lives are as follows:

Freehold buildings	25 to 40 years
Buildings on leasehold land	Shorter of the lease term or useful life
Leasehold improvements	Shorter of unexpired lease term or useful life
Plant and machinery	3 to 15 years
Furniture, equipment and motor vehicles	3 to 10 years

Where the carrying amount of a tangible asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The profit or loss on disposal of tangible assets is recognised by reference to their carrying amounts.

Owner-occupied properties are remeasured at fair value at the date of change in use before transferring to investment properties. The differences between the fair value and net book value of the properties are recognised in other comprehensive income and accumulated in equity under revaluation reserves. On the disposal of the properties, such revaluation reserves are transferred to revenue reserves.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease contracts may contain lease and non-lease components. The Group allocates the consideration in the contract to lease and non-lease component based on their relative stand-alone prices. For property leases where the Group is a lessee, it has elected not to separate lease and immaterial non-lease components and accounts for these items as a single lease component.

38. Principal Accounting Policies continued

Leases continued

(i) As a lessee

The Group enters into property leases for use as retail stores, distribution centres and offices. The Group recognises right-of-use assets and lease liabilities at the lease commencement dates, that is the dates the underlying assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes amounts of the initial measurement of lease liabilities recognised, lease payments made at or before the commencement dates less any lease incentives received, initial direct costs incurred and restoration costs. Right-of-use assets are depreciated using the straight-line method over the shorter of their estimated useful lives and the lease terms.

The Group also has interests in leasehold land for use in its operations. Lump sum payments are made upfront to acquire these land interests from their previous registered owners or governments in the jurisdictions where the land is located. There are no ongoing payments to be made under the term of the land leases, other than insignificant lease renewal costs or payments based on rateable value set by the relevant government authorities. These payments are stated at cost and are amortised over the term of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

Land lease related to owner-occupied properties is remeasured at fair value at the date of change in use before transferring to investment properties. The differences between the fair value and net book value of the land lease are recognised in other comprehensive income and accumulated in equity under revaluation reserves. On the disposal of the properties, such revaluation reserves are transferred to revenue reserves.

Lease liabilities are measured at the present value of lease payments to be made over the lease terms. 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 which is reasonably certain to be exercised and payments of penalties for terminating a lease, if the lease term reflects the Group exercising that option. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease liabilities are measured at amortised cost using the effective interest rate method. After the commencement date, the amount of lease liabilities is increased by the interest costs on the lease liabilities and decreased by lease payments made.

The carrying amount of lease liabilities is remeasured when there is a change in the lease term, or there is a change in future lease payments arising from a change in an index or a rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise an extension or a termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

38. Principal Accounting Policies continued

Leases continued

(i) As a lessee continued

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (i.e. US$5,000 or less) and short-term leases. Low-value assets comprise IT equipment and small items of office furniture. Short-term leases are leases with a lease term of 12 months or less. Lease payments associated with these leases are recognised on a straight-line basis as an expense in profit and loss over the lease term.

Lease liabilities are classified as non-current liabilities unless payments are due within 12 months from the balance sheet date.

(ii) As a lessor

The Group enters into contracts with lease components as a lessor primarily on its investment properties. These leases are operating leases as they do not transfer the risk and rewards incidental to the underlying investment properties. The Group recognises the lease payments received under these operating leases on a straight-line basis over the lease term as part of revenue from other sources in the profit and loss.

Investment properties

Properties, including those under operating leases, which are held for long-term rental yields or capital gains are classified and accounted for as investment properties. Investment properties are carried at fair value, representing estimated open market value determined annually by independent qualified valuers who have recent experience in the location and category of the investment properties being valued. The market value of investment properties is arrived at by reference to market evidence of transaction prices for similar properties. Changes in fair value are recognised in profit and loss.

Investments

The Group's investments are measured at fair value through profit and loss. The classification is based on the management's business model and their contractual cash flow characteristics.

Equity and debt investments are measured at fair value with fair value gains and losses recognised in profit and loss. Transaction costs of investments carried at fair value through profit and loss are expensed in profit and loss.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments. Investments are classified as non-current assets.

Stocks

Stocks, which principally comprise goods held for resale, are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and comprises purchase price less rebates. A stock provision is recognised when the net realisable value from sale of the stock is estimated to be lower than the carrying value.

38. Principal Accounting Policies continued

Debtors

Trade and other debtors, excluding derivative financial instruments, are measured at amortised cost except where the effect of discounting would be immaterial. Provision for impairment is established by considering potential financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in arriving at operating profit. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit and loss.

Debtors with maturities greater than 12 months after the balance sheet date are classified under non-current assets.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks, and cash and bank balances, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings.

Provisions

Provisions are recognised when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligations can be made. Obligations arising from restructuring plans are recognised when detailed formal plans have been established and when there is a valid expectation that such plans will be carried out by either starting to implement them or announcing their main features to those affected by it.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest rate method. All borrowing costs are expensed as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Provision for deferred tax is made on the revaluation of certain non-current assets and, in relation to acquisitions, on the difference between the fair value of the net assets acquired and their tax bases. Deferred tax is provided on temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

38. Principal Accounting Policies continued

Employee benefits

(i) Pension obligations

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in trustee administered funds.

Pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to profit and loss spreading the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who carry out a full valuation of major plans every year. The pension obligations are measured as the present value of the estimated future cash outflows by reference to market yields on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the year in which they occur.

Past service costs are recognised immediately in profit and loss.

The Group's total contributions relating to the defined contribution plans are charged to profit and loss in the year to which they relate.

(ii) Share-based compensation

The Company operates a number of equity-settled employee share option schemes. The fair value of the employee services received in exchange for the grant of the share options or the share awards in respect of options or awards granted after 7th November 2002 is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options or share awards granted as determined on the grant date. At each balance sheet date, the Company revises its estimates of the number of share options that are expected to become exercisable and the number of share awards which will be vested free of payment. The impact of the revision of original estimates, if any, is recognised in profit and loss.

Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amounts are expected to be recovered principally through a sale transaction rather than through continuing use. Once classified as held for sale, the assets are no longer amortised or depreciated.

Derivative financial instruments

The Group only enters into derivative financial instruments in order to hedge underlying exposures and not as speculative investments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as a hedge of the fair value of a recognised asset or liability ('fair value hedge'), or a hedge of a forecasted transaction or of the foreign currency risk on a firm commitment ('cash flow hedge').

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

38. Principal Accounting Policies continued

Derivative financial instruments continued

Changes in the fair value of derivatives that are designated and qualified as fair value hedges and that are highly effective, are recognised in profit and loss, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit and loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit and loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortised to profit and loss over the residual period to maturity.

Changes in the fair value of derivatives that are designated and qualified as cash flow hedges and that are highly effective, are recognised in other comprehensive income and accumulated in equity under hedging reserves. Changes in the fair value relating to the ineffective portion are recognised immediately in profit and loss. Where the hedged item results in the recognition of a non-financial asset or a non-financial liability, the deferred gains and losses are included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in profit and loss as the hedged item affects profit and loss. Otherwise, amounts deferred in hedging reserves are transferred to profit and loss in the same periods during which the hedged firm commitment or forecasted transaction affects profit and loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit and loss within finance costs at the same time as the interest expense on the hedged borrowings. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserves at that time remains in the hedging reserves and is recognised in profit and loss when the committed or forecasted transaction occurs. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserves is immediately transferred to profit and loss.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IFRS 9. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognised immediately in profit and loss.

The fair value of derivatives which are designated and qualified as effective hedges are classified as non-current assets or liabilities if the remaining maturities of the hedged assets or liabilities are greater than 12 months after the balance sheet date.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

38. Principal Accounting Policies continued

Non-trading items

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include fair value gains and losses on equity and debt investments which are measured at fair value through profit and loss; fair value gains and losses on revaluations of investment properties; gains and losses arising from the sale of businesses, investments and properties; impairment of non-depreciable intangible assets, properties, associates and joint ventures, and other investments; provisions for the closure of businesses; acquisition-related costs in business combinations; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into underlying business performance.

Earnings per share

Basic earnings per share is calculated on profit attributable to shareholders and on the weighted average number of shares in issue during the year. The weighted average number excludes the shares held by the Trustee under the Share-based Long-term Incentive Plans. For the purpose of calculating diluted earnings per share, profit attributable to shareholders is adjusted for the effects of the conversion of dilutive potential ordinary shares, and the weighted average number of shares is adjusted for the number of shares which are deemed to be issued for no consideration under the share-based long-term incentive plans based on the average share price during the year.

Dividends

Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date.

Revenue recognition

(i) Sales of goods

Sales consist of the fair value of goods sold to customers, net of returns, discounts and sales related taxes. These do not include sales generated by associates and joint ventures. Sales of goods is recognised at the point of sale, when the control of the asset is transferred to customers, and is recorded at the net amount received from customers.

(ii) Revenue from other sources

Revenue from other sources primarily comprises delivery and assembly income, income from concessions, service income, income from the Group's customer loyalty programme and rental income from the investment properties.

Delivery and assembly income are recognised when the services are rendered to the customers. Concessions and service income are based on the Group's contractual commission.

Programme contribution mainly revenue share and subscription income, associated with the on-going provision of marketing service or loyalty point management service to participating merchants, is recognised over time when the service is being performed. Where separately identifiable performance obligation is associated with the programme contribution, revenue is recognised at a point in time when the performance obligation is deemed to have been met.

Loyalty point margin is recognised when loyalty points are redeemed by the customers of participating merchants.

Breakage, refers to the proportion of loyalty points that are expected to expire, which is recognised as revenue in proportion to the pattern of loyalty points redemption.

Rental income from investment properties is accounted for as earned.

38. Principal Accounting Policies continued

Buying income

Supplier incentives, rebates and discounts are collectively referred to as buying income. Buying income is recognised when earned by the Group, which occurs when all obligations conditional for earning income have been discharged, and the income can be measured reliably based on the terms of the contract.

The income is recognised as a credit within cost of sales. Where the income earned relates to stocks which are held by the Group at period ends, the income is included within the cost of those stocks, and recognised in cost of sales upon sale of those stocks. The accrued value at the reporting date is included in trade debtors or trade creditors, depending on the right of offset.

The key types of buying income which the Group receives include:

- Discounts and incentives relate to individual unit sales.
- Sales volume-based incentives based on achieving certain purchases on promotion for an event or a period.
- Conditional incentives subject to satisfaction of certain conditions by the Group.
- Fixed amounts agreed with suppliers for supporting in-store activity.

Government grants

Grants from government are recognised at their fair values where there is reasonable assurance that the grants will be received, and the Group will comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred are recognised in the profit and loss as other income on a systematic basis in the period in which the expenses are recognised. Unconditional grants are recognised in the profit and loss as other income when they become receivable.

Grants related to assets are deducted in arriving at the carrying value of the related assets.

Other operating income

Other operating income primarily comprises rental income, government grants, and rent concessions received in relation to the COVID-19 pandemic. Rental income is accounted for as earned.

Rent concessions received related to reduction in lease payments that affects payments originally due on or before 30th June 2022, as a direct consequence of the COVID-19 pandemic are recognised in the profit and loss over the period in which they cover when the specific conditions are met.

Pre-operating costs

Pre-operating costs are expensed as incurred.

Comparative figures

Certain comparative figures have been reclassified to conform with the current presentation.

39. Standards and Amendments Issued But Not Yet Effective

A number of amendments effective for accounting periods beginning after 2022 have been published and will be adopted by the Group from their respective effective dates. The Group is currently assessing the potential impact of these amendments but expects the adoption will not have a significant impact on the Group's consolidated financial statements. The more important amendments are set out below.

(i) Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1st January 2023) requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The Group is assessing the potential impact on the Group's consolidated financial statements.

40. Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group's treasury function co-ordinates financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimise the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, forward foreign exchange contracts and foreign currency options as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group's entity that is directly exposed to the risk being hedged. Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through other comprehensive income and will be recognised in profit and loss when the hedged item affects profit and loss. In general, the volatility in profit or loss can be reduced by applying hedge accounting.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group assesses whether the derivative designated in each hedging relationship has been and expected to be effective in offsetting changes in cash flow of the hedged item using the hypothetical derivative method.

Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated for hedges of foreign currency purchases, or if there are changes in the credit risk of the Group or the derivative counterparty.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, effective economic relationship existed between the swaps and the loans.

40. Financial Risk Management continued

Financial risk factors continued

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

(i) The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;

(ii) Differences in critical terms between the interest rate swaps and loans; and

(iii) The effects of the forthcoming reforms to IBOR, because these might take effect at a different time and have a different impact on the hedged item (the floating-rate debt) and the hedging instrument (the interest rate swap used to hedge the debt).

The ineffectiveness during 2022 and 2021 in relation to interest rate swaps were not material.

(i) Market risk

Foreign exchange risk

Entities within the Group are exposed to foreign exchange risk arising from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group uses forward foreign exchange contracts and foreign currency options in a consistent manner to hedge firm and anticipated foreign exchange commitments and manage foreign exchange risk arising from future commercial transactions. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. There are no significant monetary balances held by Group companies at 31st December 2022 that are denominated in a non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing assets and liabilities. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments including interest rate swaps. The Group monitors interest rate exposure on a regular basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its long-term non-working capital gross borrowings in fixed rate instruments. At 31st December 2022, the Group's fixed rate borrowings were 45% *(2021: 46%)* on the total borrowings, with an average tenor of 0.2 year *(2021: 0.2 year)*. The interest rate profile of the Group's borrowings after taking into account hedging transactions is set out in note 22.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Borrowings at floating rates therefore expose the Group to cash flow interest rate risk. The Group manages this risk by entering into interest rate swaps for a maturity of up to three years. Interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate. Details of interest rate swaps are set out in note 31.

Fair value interest rate risk is the risk that the value of a financial asset or liability and derivative financial instruments will fluctuate because of changes in market interest rates. The Group manages its fair value interest rate risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rate to floating rate, to maintain the Group's fixed rate instruments within the Group's guideline.

40. Financial Risk Management continued

Financial risk factors continued

(i) Market risk continued

Interest rate risk continued

At 31st December 2022, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's loss after tax would have been US$4.4 million higher/lower *(2021: profit after tax would have been US$3.9 million lower/higher)*, and hedging reserves would have been US$6.0 million *(2021: US$11.3 million)* higher/lower, as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the Malaysian, Hong Kong and Indonesian rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in the fair value of the hedged items caused by interest rate movements balance out in the profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

(ii) Credit risk

The Group's credit risk is primarily attributable to deposits with banks and derivative financial instruments with a positive fair value. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. Similarly, transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios. In developing countries it may be necessary to deposit money with banks that have a lower credit rating, however, the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

Sales of goods to customers are made in cash or by major credit cards and other electronic payments. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

The Group's debt investments are considered to be low risk investments. The investments are monitored for credit deterioration. The maximum exposure to credit risk is represented by the carrying amount of the Group's debt investments in the balance sheet after deducting any impairment allowance.

(iii) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund its existing and prospective debt requirements is managed by maintaining diversified funding sources with adequate committed funding lines from high quality lenders, and by monitoring rolling short-term forecasts of the Group's cash and gross debt on the basis of expected cash flows. Long-term cash flows are projected to assist with the Group's long-term debt financing plans. In addition, the Group has implemented a global liquidity cash pooling scheme, which enables the Group to manage and optimise its working capital funding requirement on a daily basis.

40. Financial Risk Management continued

Financial risk factors continued

(iii) Liquidity risk continued

At 31st December 2022, total available borrowing facilities amounted to US$3,051.2 million *(2021: US$2,938.4 million)*, of which US$1,927.0 million *(2021: US$1,833.6 million)* were committed facilities. A total of US$1,096.3 million *(2021: US$1,054.3 million)* from both committed and uncommitted facilities was drawn down. Of the committed facilities, US$400.0 million which are referenced to US$ LIBOR will be expired beyond 30th June 2023, the cessation date of US$ LIBOR. Undrawn committed facilities, in the form of revolving credit facilities, totalled US$1,403.1 million *(2021: US$1,248.6 million)*.

The following table analyses the Group's non-derivative financial liabilities, net-settled derivative financial liabilities and gross-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Within one year US$m	Between one and two years US$m	Between two and three years US$m	Between three and four years US$m	Between four and five years US$m	Beyond five years US$m	Total undiscounted cash flows US$m
At 31st December 2022							
Creditors	1,937.1	1.4	1.2	0.7	0.1	4.3	**1,944.8**
Borrowings	854.1	261.6	0.9	0.7	0.3	–	**1,117.6**
Lease liabilities	667.5	522.2	401.5	311.1	240.0	1,160.5	**3,302.8**
Net-settled derivative financial instruments	–	–	–	–	–	–	**–**
Gross-settled derivative financial instruments							
– inflow	421.7	–	–	–	–	–	**421.7**
– outflow	421.9	–	–	–	–	–	**421.9**
At 31st December 2021							
Creditors	1,878.4	8.8	0.4	–	0.1	0.4	1,888.1
Borrowings	755.4	48.2	271.0	–	–	–	1,074.6
Lease liabilities	716.2	521.8	393.6	305.2	236.0	1,219.6	3,392.4
Net-settled derivative financial instruments	–	–	–	–	–	–	–
Gross-settled derivative financial instruments							
– inflow	787.6	–	–	–	–	–	787.6
– outflow	787.5	–	–	–	–	–	787.5

Included in total undiscounted borrowings at 31st December 2022, US$249.8 million *(2021: US$249.8 million)* are referenced to US$ LIBOR and mature beyond 30th June 2023, the cessation date of US$ LIBOR.

40. Financial Risk Management continued

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximise benefits to shareholders and other stakeholders. Capital is equity as shown in the consolidated balance sheet plus net debt.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, by taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, repurchase Company shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and bank balances. Interest cover is calculated as the sum of underlying operating profit, before the deduction of amortisation/depreciation and impairment charges of right-of-use assets, net of actual lease payments, and share of results of associates and joint ventures, divided by net financing charges excluding interest on lease liabilities. The Group does not have a defined gearing ratio or interest cover benchmark or range.

The ratios at 31st December 2022 and 2021 are as follows:

	2022	2021
Gearing ratio (%)	**92**	67
Interest cover (times)	**3**	8

Fair value estimation

(i) Financial instruments that are measured at fair value

For financial instruments that are measured at fair value in the balance sheet, the corresponding fair value measurements are disclosed by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities ('quoted prices in active markets')
The fair values of listed securities are based on quoted prices in active markets at the balance sheet date.

(b) Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')
The fair values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and forward foreign exchange contracts are calculated by reference to market interest rates and foreign exchange rates.

The fair values of unlisted equity investments, club debentures, are determined using prices quoted by brokers at the balance sheet date.

40. Financial Risk Management continued

Fair value estimation continued

(i) Financial instruments that are measured at fair value continued

(c) Inputs for assets or liabilities that are not based on observable market data ('unobservable inputs')
The fair values of other unlisted equity and debt investments are determined using valuation techniques by reference to observable current market transactions or the market prices of the underlying investments with certain degree of entity specific estimates or discounted cash flow by projecting the cash inflows from these investments.

There were no changes in valuation techniques during the year.

The table below analyses financial instruments carried at fair value, by the levels in the fair value measurement hierarchy:

	Observable current market transactions US$m	Unobservable inputs US$m	Total US$m
2022			
Assets			
Other investments *(note 15)*			
– equity investments	6.7	5.0	**11.7**
– debt investments	–	10.0	**10.0**
Derivatives financial instruments at fair value *(note 31)*			
– through other comprehensive income	40.4	–	**40.4**
– through profit and loss	0.5	–	**0.5**
	47.6	**15.0**	**62.6**
Liabilities			
Derivatives financial instruments at fair value *(note 31)*			
– through profit and loss	(1.0)	–	**(1.0)**
	(1.0)	**–**	**(1.0)**

40. Financial Risk Management continued

Fair value estimation continued

(i) Financial instruments that are measured at fair value continued

	Observable current market transactions US$m	Unobservable inputs US$m	Total US$m
2021			
Assets			
Other investments *(note 15)*			
– equity investments	6.5	5.0	11.5
Derivatives financial instruments at fair value *(note 31)*			
– through other comprehensive income	10.2	–	10.2
– through profit and loss	0.3	–	0.3
	17.0	5.0	22.0
Liabilities			
Derivatives financial instruments at fair value *(note 31)*			
– through other comprehensive income	(0.2)	–	(0.2)
– through profit and loss	(0.2)	–	(0.2)
	(0.4)	–	(0.4)

There were no transfers between the categories during the year ended 31st December 2022 and 2021.

Movements of unlisted equity and debt investments which are valued based on unobservable inputs during the year ended 31st December are as follows:

	2022 US$m	2021 US$m
At 1st January	**5.0**	–
Additions	**10.0**	5.0
At 31st December	**15.0**	5.0

(ii) Financial instruments that are not measured at fair value

The fair values of current debtors, cash and bank balances, current creditors, current borrowings and current lease liabilities are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates. The fair values of non-current lease liabilities are estimated using the expected future payments discounted at market interest rates.

40. Financial Risk Management continued

Fair value estimation continued

Financial instruments by category

The carrying amounts of financial assets and financial liabilities at 31st December 2022 and 2021 are as follows:

	Fair value of hedging instruments US$m	Fair value through profit and loss US$m	Financial assets at amortised cost US$m	Other financial liabilities US$m	Total carrying amounts US$m
2022					
Financial assets measured at fair value					
Other investments					
– equity investments	–	11.7	–	–	**11.7**
– debt investments	–	10.0	–	–	**10.0**
Derivative financial instruments	40.9	–	–	–	**40.9**
	40.9	**21.7**	**–**	**–**	**62.6**
Financial assets not measured at fair value					
Debtors	–	–	262.9	–	**262.9**
Cash and bank balances	–	–	230.7	–	**230.7**
	–	**–**	**493.6**	**–**	**493.6**
Financial liabilities measured at fair value					
Derivative financial instruments	(1.0)	–	–	–	**(1.0)**
	(1.0)	**–**	**–**	**–**	**(1.0)**
Financial liabilities not measured at fair value					
Borrowings	–	–	–	(1,096.2)	**(1,096.2)**
Lease liabilities	–	–	–	(2,875.7)	**(2,875.7)**
Trade and other payables excluding non-financial liabilities	–	–	–	(1,944.8)	**(1,944.8)**
	–	**–**	**–**	**(5,916.7)**	**(5,916.7)**

40. Financial Risk Management continued

Fair value estimation continued

Financial instruments by category continued

	Fair value of hedging instruments US$m	Fair value through profit and loss US$m	Financial assets at amortised cost US$m	Other financial liabilities US$m	Total carrying amounts US$m
2021					
Financial assets measured at fair value					
Other investments					
– equity investments	–	11.5	–	–	11.5
Derivative financial instruments	10.5	–	–	–	10.5
	10.5	11.5	–	–	22.0
Financial assets not measured at fair value					
Debtors	–	–	253.1	–	253.1
Cash and bank balances	–	–	210.4	–	210.4
	–	–	463.5	–	463.5
Financial liabilities measured at fair value					
Derivative financial instruments	(0.4)	–	–	–	(0.4)
	(0.4)	–	–	–	(0.4)
Financial liabilities not measured at fair value					
Borrowings	–	–	–	(1,054.3)	(1,054.3)
Lease liabilities	–	–	–	(2,960.3)	(2,960.3)
Trade and other payables excluding non-financial liabilities	–	–	–	(1,888.1)	(1,888.1)
	–	–	–	(5,902.7)	(5,902.7)

The fair values of financial assets and financial liabilities approximate their carrying amounts.

At 31st December 2022, the Group had leases liabilities amounted to US$619.2 million impacted by SOR/SIBOR which were referenced to IBOR with maturities/expiration beyond the cessation of the respective benchmarks.

41. Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable according to circumstances and conditions available. The existing and potential impacts arising from climate change and the COVID-19 pandemic have been considered when applying estimates and assumptions in the preparation of the financial statements, including the Group's assessment of impairment of assets. Given the uncertainty of the impact of COVID-19, the actual results may differ from these accounting estimates.

The estimates and assumptions that have a significant effect on the reported amounts of assets and liabilities, and income and expenses are discussed below.

Acquisition of subsidiaries, associates and joint ventures

The initial accounting on the acquisition of subsidiaries, associates and joint ventures involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. The fair values of tangible assets, right-of-use assets and investment properties are determined by independent valuers by reference to market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values, and management's ability to measure reliably the contingent liabilities of the acquired entity will impact the carrying amount of these assets and liabilities.

On initial acquisition or acquisition of further interests in an entity, an assessment of the level of control or influence exercised by the Group is required. For entities where the Group has a shareholding of less than 50%, an assessment of the Group's level of voting rights, board representation and other indicators of influence is performed to consider whether the Group has de facto control, requiring consolidation of that entity, or significant influence, requiring classification as an associate, or joint control, requiring classification as a joint venture.

Leases

Liabilities and the corresponding right-of-use assets arising from leases are initially measured at the present value of the lease payments at the commencement date, discounted using the interest rates implicit in the leases, or if that rate cannot be readily determinable, the Group uses the incremental borrowing rate. The Group generally uses the incremental borrowing rate as the discount rate.

The Group applies the incremental borrowing rate with reference to the rate of interest that the Group would have to pay to borrow, over a similar term as that of the lease, the funds necessary to obtain an asset of a similar value to the right-of-use asset in the country where it is located.

Lease payments to be made during the lease term will be included in the measurement of a lease liability. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The assessment of whether the Group is reasonably certain to exercise the options impacts the lease terms, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

41. Critical Accounting Estimates and Judgements continued

Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligations.

Other key assumptions for pension obligations are based in part on current market conditions.

Impairment of assets

The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is determined based on the higher of its fair value less costs to sell and its value-in-use, calculated on the basis of management's assumptions and estimates. Changing the key assumptions, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Provision for deferred tax follows the way management expects to recover or settle the carrying amount of the related assets or liabilities, which the management may expect to recover through use, sale or combination of both. Accordingly, deferred tax will be calculated at income tax rate, capital gains tax rate or combination of both.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

Buying income

The Group receives buying income, including supplier incentives, rebates and discounts, which are deducted from cost of sales on an accrual basis. Management is required to make estimates in determining the expected entitlement which has been earned up to the balance sheet date for each relevant supplier contract and the timing of recognition.

There is limited estimation involved in recognising income for fixed amounts agreed with suppliers.

Non-trading items

The Group uses underlying business performance in its internal financial reporting to distinguish between the underlying profit and non-trading items. The identification of non-trading items requires judgement by management, but follows the consistent methodology as set out in the Group's accounting policies.

41. Critical Accounting Estimates and Judgements continued

Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as US$ LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes on some IBORs.

To transition existing contracts and agreements that reference IBORs (including US$ LIBOR) to risk free rates ('RFRs') such as US$ LIBOR to Secured Overnight Financing Rate, adjustments for term differences and credit differences might need to be applied to RFRs, to enable the two benchmark rates to be economically equivalent on transition. The greatest change will be amendments to the contractual terms of the IBORs-referenced floating-rate debt and the associated swap and the corresponding update of the hedge designation. However, the changed reference rate might also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

Group Treasury is managing the IBORs transition plan, which has progressed throughout 2022. US$ LIBOR is expected to cease on 30th June 2023, and the Group's transition plan is on track to ensure conversion of existing US$ LIBOR contracts by the date of cessation.

Relief applied

The Group has applied the following reliefs that were introduced by the amendments made to IFRS 9 'Financial Instruments' in September 2019 and August 2020:

(i) When considering the 'highly probable' requirement, the Group has assumed that the IBORs interest rate on which the Group's hedged debt is based does not change as a result of IBORs reform.

(ii) In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has assumed that the IBORs interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it is not altered by IBORs reform.

(iii) The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

(iv) For financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

(v) For lease liabilities where there is a change to the basis for determining the contractual cash flows, the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform.

Assumptions made

In calculating the change in fair value attributable to the hedged risk of floating-rate debt, the Group has made the following assumptions that reflect its current expectations:

(i) The IBORs-referenced floating-rate debt will move to RFRs during 2023 and the spread will be similar to the spread included in the interest rate swap used as the hedging instrument.

(ii) No other changes to the terms of the floating-rate debt are anticipated.