Annual Report 2022

OUR GOAL

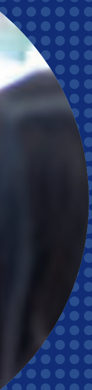
"To give our customers across Asia a store they **TRUST**, delivering **QUALITY**, **SERVICE** and **VALUE**."

DFI
RETAIL GROUP

Jardines
A member of the Jardine Matheson Group

DFI Retail Group's parent company, DFI Retail Group Holdings Limited, 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. The Group's businesses are managed from Hong Kong by DFI Retail Group Management Services Limited through its regional offices. DFI Retail Group is a member of the Jardine Matheson Group.

CONTENTS



CORPORATE INFORMATION

Directors

Ben Keswick
Chairman

John Witt
Managing Director

Ian McLeod
Group Chief Executive

Clem Constantine

Dave Cheesewright

Weiwei Chen

Adam Keswick

Anthony Nightingale

Christian Nothhaft

Company Secretary

Jonathan Lloyd

Registered Office

Jardine House
33-35 Reid Street
Hamilton
Bermuda

DFI Retail Group Management Services Limited

Directors

John Witt
Chairman

Ian McLeod
Group Chief Executive

Clem Constantine
Chief Financial Officer and Property Director

Chris Bush
Chief Executive Officer – DFI Retail Southeast Asia

Choo Peng Chee
Chief Executive Officer – DFI Retail North Asia

Martin Lindström
Chief Executive Officer – IKEA

Michael Wu
Chairman and Managing Director, Maxim's

Graham Baker

Matthew Bland
(joined the Board on 1st April 2022)

David Hsu
(retired on 1st August 2022)

Anne O'Riordan

Y.K. Pang

Jeremy Parr
(retired on 31st March 2022)

Steve Sun
(joined the Board on 1st August 2022)

Corporate Secretary

Jonathan Lloyd

DFI RETAIL GROUP AT-A-GLANCE

13
Asian markets and territories

10,663
outlets
(Including associates and joint ventures)

Figures as at December 2022

HIGHLIGHTS

- Substantial sequential improvement in underlying profitability in second half
- Lower full year underlying profit due to continuing impact of pandemic, inflationary pressure, increased investment in digital
- Ongoing transformation programme continues to drive improvement
- Final dividend of US¢2.00 per share

Results	2022 US$m	2021 US$m	Change %
Revenue			
– subsidiaries	**9,174**	9,188	–
– including associates and joint ventures*	**27,597**	27,861	(1)
Underlying EBITDA†	**1,070**	1,200	(11)
Underlying profit attributable to shareholders‡	**29**	105	(72)
Net non-trading items	**(143)**	(2)	n/a
(Loss)/profit attributable to shareholders	**(115)**	103	n/a
Net debt	**866**	844	3

	US¢	US¢	%
Underlying earnings per share‡	**2.14**	7.73	(72)
Basic (loss)/earnings per share	**(8.51)**	7.61	n/a
Dividends per share	**3.00**	9.50	(68)
Net asset value per share^	**69.98**	93.67	(25)

Store Network*	2022	2021	Net change
Food	**5,620**	5,506	+114
– Grocery Retail	**2,024**	1,956	+68
– Convenience Stores	**3,596**	3,550	+46
Health and Beauty	**2,552**	2,380	+172
Home Furnishings	**23**	19	+4
Restaurants	**1,908**	1,801	+107
Other Retailing	**560**	580	-20
	10,663	10,286	+377

* Including 100% of associates and joint ventures.

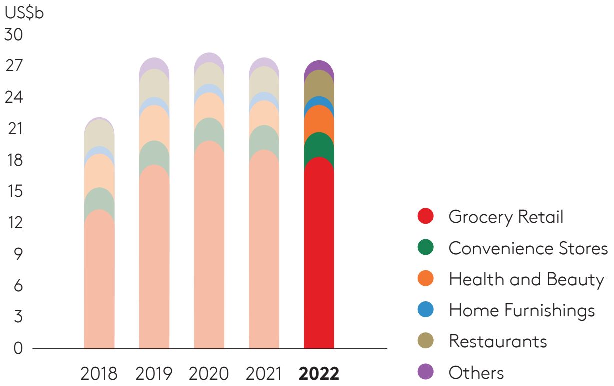
† Underlying EBITDA represents underlying operating profit before depreciation and amortisation.

‡ The Group uses 'underlying profit' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 38 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

^ Net asset value per share is based on the book value of shareholders' funds.

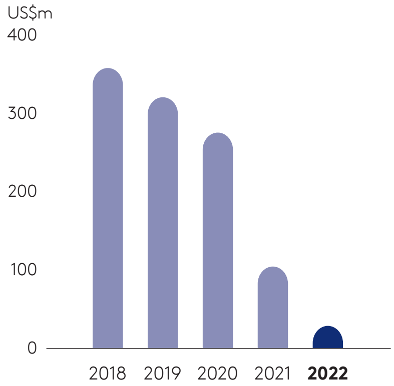
Total Revenue*

US$ 27.6 billion



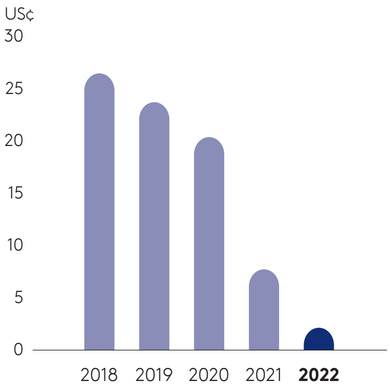
Underlying Profit Attributable to Shareholders

US$ 29 million



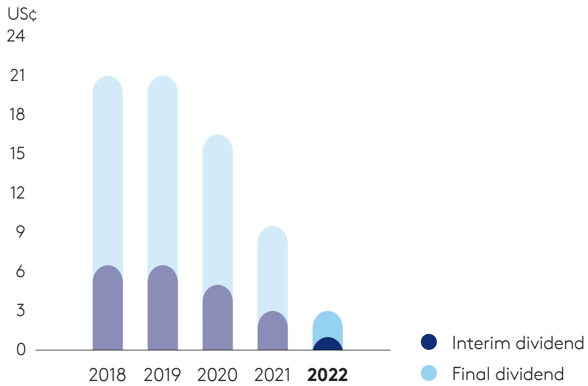
Underlying Earnings per Share

US¢ 2.14



Ordinary Dividends per Share

US¢ 3.00



Total Revenue*

-1%

Underlying Profit

-72%

Number of Stores*

10,663

Number of Employees*

some 216,000 people

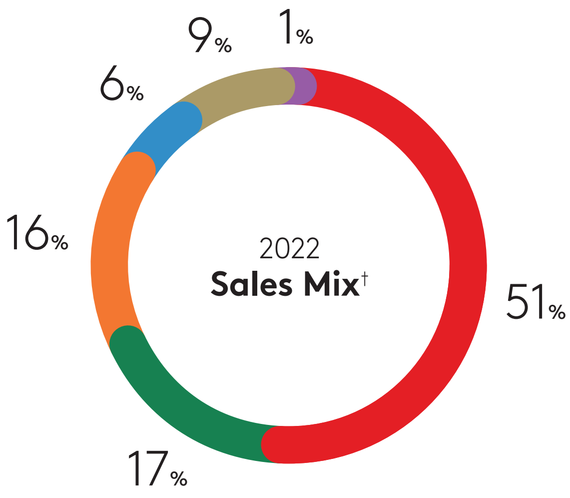
CHAIRMAN'S STATEMENT

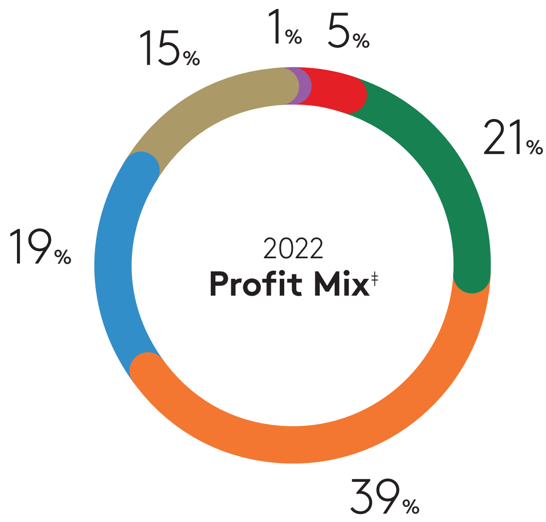
"While 2022 was another challenging year for DFI Retail Group, with the pandemic continuing to impact the financial performance of the Group's subsidiaries and associates, profitability improved substantially in the second half of the year. Continued progress in implementing the Group's ongoing transformation plan helped the business deliver improvements in underlying performance. We expect to see the Group's performance to improve in 2023, although we will continue to monitor the impact of inflationary pressures and changes in consumer sentiment. The Group's overall results will largely depend on the recovery in Hong Kong of its health and beauty and restaurants businesses, and an improved performance by its associate Yonghui on the Chinese mainland. We remain confident in the medium- to long-term growth prospects of the Group."

Overview

2022 was another challenging year for the Group. A combination of inflationary pressures and customer behavioural shifts driven by the pandemic significantly impacted first-half financial performance, reducing profit contributions from the Grocery Retail and Convenience divisions. Results from the Group's associates were also similarly adversely affected.

There was, however, a substantial improvement in profitability in the second half of the year, with underlying profit of US$80 million for the period, compared with an underlying loss of US$52 million in the first half. The Group continues to adapt to changes in consumer preferences and, despite the external challenges, has increased investments in digital in the year. While these investments impacted profitability in the year, they are required to meet customers' evolving needs and to drive long-term shareholder value.





- Grocery Retail
- Convenience Stores
- Health and Beauty
- Home Furnishings
- Restaurants
- Other Retailing

† Sales of goods, including share of associates and joint ventures.

‡ Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, excluding selling, general and administrative expenses and non-trading items.

Operating performance

Total revenue for the Group, including 100% of associates and joint ventures, was US$27.6 billion, slightly behind 2021 levels. Reported subsidiary sales were US$9.2 billion, broadly in line with the prior year. Strong revenue growth in Health and Beauty was partially offset by lower sales within the Grocery Retail division. The fall in sales in Grocery Retail was primarily driven by the easing of movement restrictions in Southeast Asia, which led to a reduction in eating at home by customers, and by store disruptions in Singapore due to essential renovations to improve our Cold Storage offering.

The Group reported an underlying profit after tax of US$29 million for the full year, inclusive of US$35 million losses attributable to associates and joint ventures. The Group reported encouraging performance in the second half, with underlying profit after tax of US$80 million, representing a US$132 million increase in profitability relative to the first half. The Group's reported loss of US$115 million reflected an impairment loss of US$171 million in respect of the Group's investment in Robinsons Retail.

The profitability of the Health and Beauty division increased significantly, due to strong growth in revenue in Hong Kong and Southeast Asia. Profitability for the Grocery Retail division, however, was adversely impacted by lower like-for-like sales, reflecting spikes in demand in the prior year, as well as inflationary pressures, which affected cost of goods sold as well as operating costs. Grocery Retail profit was, however, higher than 2019 levels.

The full year profitability of both Convenience and IKEA was broadly in line with the prior year. Convenience, however, saw profits increase significantly in the second half relative to breakeven levels in the first half. This was due to gradual normalisation of customer traffic following the easing of movement restrictions across our key markets, particularly Hong Kong.

Operating cash flow for the period, after lease payments, was a net inflow of US$279 million, compared with US$270 million in 2021. As at 31st December 2022, the Group's net debt was US$866 million, compared with US$844 million at 31st December 2021. The Group continues to balance the priority of maintaining a strong balance sheet position with the need to support ongoing investments in business and digital transformation.

The Board recommends a final dividend for 2022 of US¢2.00 per share (2021 final dividend: US¢6.50).

Business developments

Driving digital innovation remains a key strategic priority for the Group. During the year, the Group invested significant resources both in building capability and in progressing operational initiatives to enhance our e-commerce and digital offering, in order to drive enhanced customer loyalty and more meaningful customer relationships. In May 2022, we launched *yuu-to-me*, offering customers an integrated one-stop online shopping experience. Following the success of the rollout of the *yuu* Rewards loyalty programme in Hong Kong, the Group launched *yuu* Rewards in Singapore in October 2022. The programme in Singapore benefits from partnerships with a number of leading local brands. The Group expects to continue investing in digital initiatives across its markets to drive long-term value for shareholders.

Key programmes continued to be introduced throughout the year to support the Group's Corporate Social Responsibility priorities of serving communities, sustaining the planet and sourcing responsibly. The Group is committed to a near-term target of halving our Scope 1 and 2 carbon emissions by 2030 and to achieving net-zero by 2050. DFI is making good progress in reducing carbon emissions, reducing Scope 1 and 2 emissions by 10% between 2021 and 2022. The Group is also working on a plan to reduce Scope 3 emissions.

In February 2023, the Group announced that it had entered into an agreement to sell its Malaysian Grocery Retail businesses to a leading local retail group, led by successful local entrepreneur, Datuk Andrew Lim. The Group remains fully committed to its other retail businesses in Malaysia and will continue to accelerate growth in the Health and Beauty segment through Guardian stores.

People

We would like to express our deep gratitude for the continuing dedication and hard work of our team members in putting our customers first, despite the ongoing difficulties associated with the pandemic across our markets.

Prospects

The Group has been encouraged by the significant improvement in performance in the second half of 2022. We expect to see the Group's performance improve in 2023, although we will continue to monitor the impact of inflationary pressures and changes in consumer sentiment. The Group's overall results will largely depend on the recovery in Hong Kong of its Health and Beauty and Restaurants businesses, and an improved performance by its associate Yonghui on the Chinese mainland. We remain confident in the medium- to long-term growth prospects of the Group.

Ben Keswick
Chairman
2nd March 2023

GROUP CHIEF EXECUTIVE'S REVIEW

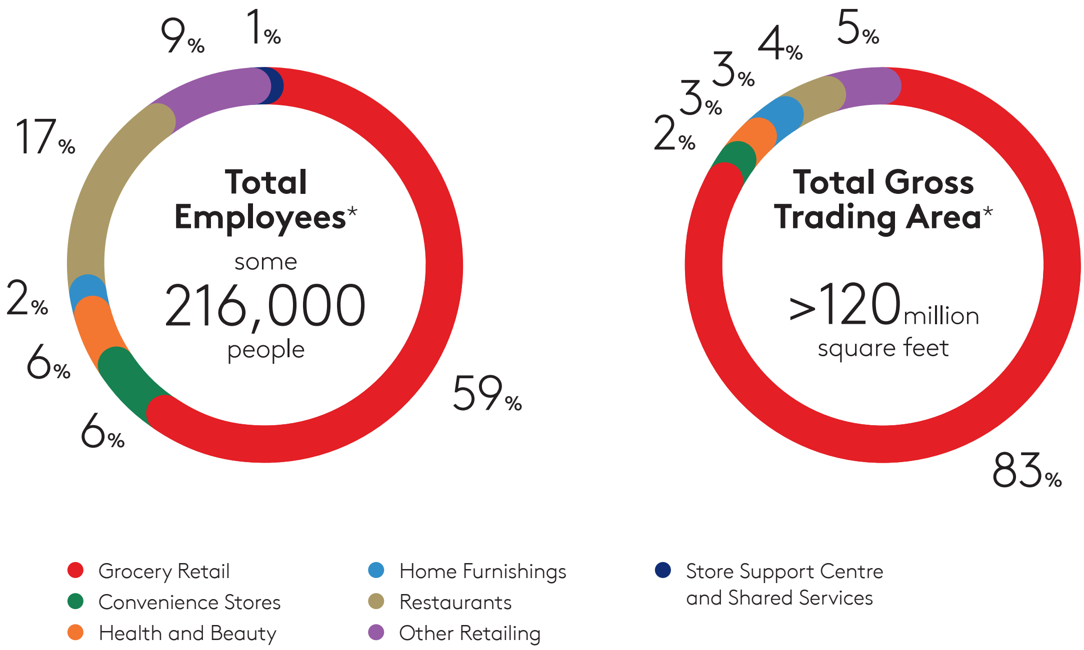
"Despite challenges faced in 2022, there was encouraging improvement in profitability in the second half of the year. Our teams across the Group have continued to focus on delivering against the Group's transformation objectives, working hard to manage our various businesses day-to-day, in highly volatile and unpredictable trading circumstances. Overall, the return to pre-pandemic normality in our markets, combined with the effective execution of our business strategy, give us confidence in the medium- to long-term trading prospects of the Group."

Introduction

2022 was another extremely challenging year for the Group, from the perspective both of operational disruption and macroeconomic headwinds. The Group's businesses in our home market of Hong Kong were badly impacted by the fifth COVID wave and related lockdown restrictions, which hit the city during the first quarter of the year. We saw significant shifts in customer behaviour, creating strain on both the supply chain and store operations. Life in Hong Kong has, however, returned to some form of normality as the year has progressed and pandemic restrictions have lifted.

The Group continued to see underlying losses from its investment in Yonghui, although they were reduced from the previous year. Yonghui's sales and profits improved in the first half of the year, but its performance in the second half was impacted by pandemic restrictions, the slowdown in the overall macroeconomic environment and its investments in digital. Pandemic-related restrictions also adversely affected our 7-Eleven and Mannings businesses on the Chinese mainland.

In Southeast Asia ('SEA'), we faced a different set of challenges. The economies in our SEA markets began reopening at the beginning of the year,



* Including 100% of associates and joint ventures.

supporting sales recovery for some retail formats. Pent-up demand for travel and other services, however, reduced demand for eating at home and, thus, impacted performance in Grocery Retail.

The Group faced unprecedented cost inflation in the period, impacting the cost of goods, our operating costs and consumer sentiment, particularly in our SEA Grocery Retail business. The pandemic has also accelerated customer preferences for shopping online. We are therefore balancing the need to invest in digital capacity and capability and concurrently ensuring that we remain competitive by being disciplined in spending.

Our teams across the Group have continued to focus on delivering against the Group's transformation objectives, working hard to manage our various businesses day-to-day, in highly volatile and unpredictable trading circumstances. I am grateful to all our colleagues for the commitment they have shown, as well as their many achievements during the year.

2022 performance

The Group reported total sales revenue from its subsidiaries of US$9.2 billion, broadly in line with the prior year. Total revenue for the Group, including 100% of associates and joint ventures, was US$27.6 billion, slightly behind 2021 levels.

The Group reported a subsidiaries underlying profit of US$64 million for the full year. Inclusive of US$35 million underlying losses attributable to associates and joint ventures, the Group reported underlying profit of US$29 million for the full year. There was an encouraging improvement in second-half underlying profit to US$80 million, over 10% higher than the same period last year, and representing a US$132 million increase in profitability from the US$52 million underlying loss incurred in the first half.

Our Health and Beauty business saw double-digit sales growth and over 60% profit growth for the full year, as Mannings in Hong Kong continued to gain market share and Guardian in SEA benefitted from markets reopening. The performance of the business was, however, still considerably behind that of 2019. The profitability of our Convenience and IKEA businesses was broadly in line with the prior year, despite significant COVID-related disruption, particularly in the first half in Hong Kong, as well as availability challenges as a result of extensive supply chain disruption. IKEA's sales and profits were also ahead of its performance in 2019. Grocery Retail, which benefitted from restaurant dining restrictions last year, saw lower profits in 2022. Profitability was also impacted by inflationary pressures, which affected cost of goods sold as well as operating costs. Although Grocery Retail profits reduced year on year, the transformation programme that began five years ago has laid strong foundations for the Group's businesses, supporting significantly enhanced levels of profit for the Grocery Retail division in 2022 compared to those of 2019.

The Group's share of underlying losses from associates and joint ventures was US$35 million, as key associates continued to be impacted by COVID-related disruption in the year. Maxim's saw its profits impacted by social distancing restrictions in Hong Kong and China in the first quarter, which led to a loss in the first half. Maxim's profitability recovered strongly in the second half, however, demonstrating the underlying resilience of the business and its diversified pan-Asian portfolio. The Group's share of underlying Yonghui's losses was US$80 million, as its performance was impacted by pandemic restrictions, as well as its ongoing investment in digital transformation. Robinsons Retail reported strong revenue and profit growth, as it benefitted from the reopening of the Philippines economy.

Business initiatives and developments

Own brand

The Group's Own Brand business is performing increasingly strongly, with significant effort invested in driving profitable growth in this area. New contemporary designs for the Meadows brand have highlighted the brand's quality and ensured on-shelf credibility and impact. Every new product over the last three years across Grocery, General Merchandise and Health and Beauty has included a completely new pack design: almost 10,000 in all, covering the launch of around 3,500 SKUs. With over 2,300 new and relaunched Grocery Own Brand items on the shelf, volume penetration has increased by more than 50% compared to three years ago and is now in the double-digit range.

Health and Beauty has followed the success of the Own Brand relaunches in Food by introducing new ranges of both Mannings and Guardian products at pace in 2022. There are now over 1,300 new or revised items in stores with new design and market positioning, and over 900 more items are planned for 2023. The new ranges have been very well received, with Own Brand now accounting for one in every four Mannings items purchased by our customers and our Own Brand cotton range achieving the number one market share position not just in Mannings but throughout Hong Kong.

Digital

Driving digital innovation remains a key strategic priority for the Group. Since its launch in July 2020, the performance of the *yuu* Rewards coalition loyalty programme has exceeded expectations, with over four million members having signed up. The *yuu*-niverse has continued to expand over the past two years, with the addition of restaurant, insurance and fuel partners. In January 2023, *yuu* Rewards expanded its scope further, with travel partner Agoda joining the programme. We remain excited about the future prospects of *yuu* Rewards and look forward to expanding the *yuu*-niverse further as we unlock additional partnership opportunities.

In May 2022, *yuu-to-me* e-commerce functionality was launched on the *yuu* app, offering customers an integrated one-stop online shopping experience and home delivery across leading Hong Kong brands to customers. Initial performance has been encouraging, with strong growth in order values and per-user spending. The team has also worked hard to drive significant improvements in operational excellence and the online customer shopping experience, with over 96% of orders now delivered 'on time' and 87% 'in full', and product fulfilment of all orders reaching almost 99%.

The Group has also invested in capability to support our digital ambitions. We have recruited a number of high calibre individuals who bring extensive relevant global digital retail experience, in areas including online warehousing, online platforms, social media platforms and traditional offline retail digital transformation.

The Group has built on the success of the *yuu* Rewards loyalty programme in Hong Kong by launching *yuu* Rewards in Singapore in October 2022. We have entered partnerships with minden.ai, a tech venture founded by Temasek, BreadTalk Group, DBS Bank, PAssion Card, Mandai Wildlife Group and Singtel. The coalition loyalty programme unites some of Singapore's most popular brands, offering customers an effortless way to earn rewards on everyday purchases across over 1,000 outlets. Initial performance has been very encouraging, with over one million members joining since launch.

Business portfolio optimisation

On 23rd February 2023, the Group announced that it had entered into an agreement to transition its Malaysian Grocery Retail businesses to a leading local retail group led by successful local entrepreneur, Datuk Andew Lim. Completion of the transaction is expected to take place in early March 2023, and will provide further growth opportunities to our team members and enable greater competitiveness, service and value for customers in Malaysia. The Group remains fully committed to its other retail businesses in Malaysia and will enhance its strategic focus on the fast-growth health and beauty segment through Guardian stores.

Corporate social responsibility

Over the course of 2022, we have continued to make strong progress in supporting our Corporate Social Responsibility (CSR) mission *to provide environmental and social benefits to the communities we serve*. A number of programmes have been introduced to support our key CSR focus areas: serving communities, sustaining the planet and sourcing responsibly. 2022 was also the first year the Group began to disclose a comprehensive set of quantitative ESG metrics with reference to the Global Reporting Initiative standard and the United Nations Sustainable Development Goals.

Serving communities

The Group's businesses are important cornerstones of the communities we serve and our first CSR focus area of serving communities reflects our mission to improve people's lives – especially those in underprivileged communities. Over the course of the past 18 months, a number of new programmes have been introduced to make a tangible and lasting impact on the communities we serve.

In November 2021, Wellcome teamed up with long-term partner Foodlink to launch *Sik Jor Fan Mei*, a Rice Donation Charity Programme. Under the programme, Wellcome pledges to donate HK¢50 for every kilogram of *Yu Pin King* brand rice sold at its stores to help those in need. The aim of the programme was originally to raise HK$5 million within 365 days. We have achieved our targets significantly earlier – only five months after the launch.

Following the success of the *Sik Jor Fan Mei* programme in Hong Kong, we have launched similar charity programmes in Singapore and Malaysia. Working with The Food Bank Singapore, a non-profit organisation that provides free meals and dry rations to families in need, we launched the *Have You Eaten?* programme, under which DFI donates SG¢10 for every kilogram of Meadows Own Brand rice sold, with a goal of donating a million meals to help those in hardship over the next two years. In Malaysia, the *Sudah Makan?* Initiative was launched in the same month, in collaboration with The Lost Food Project.

In the second half of the year, Guardian launched its community service programme *Guardiancares* across SEA, aimed at raising the self-esteem of children from low-income families. Under this initiative, donations to buy bath care products for those in need will be made for every one litre of Guardian bath care product sold. The aim is to provide enough products for 20 million baths for underprivileged children across SEA.

Sustaining the planet

The Group has set ambitious climate targets, aligned with the Paris Agreement, to prevent the harm caused by climate change to ecosystems and societies. The Group is committed to a near-term target of halving our Scope 1 and 2 emissions by 2030 and to achieving net zero by 2050. DFI has already made good progress in reducing its emissions, reducing Scope 1 and 2 emissions by 10% between 2021 and 2022. The Group is working on a plan to reduce Scope 3 carbon emissions. A range of energy saving and efficiency enhancement initiatives have been implemented in 2022, which are expected to reduce consumption in 2023.

The Group is supporting the transition towards a circular economy by reducing and managing waste. Food waste and loss are significant drivers of global food insecurity and climate change. Since 2018 the Group has adopted a holistic strategy for reducing food waste, through its *Fresher for Customers* programme. The programme focusses on improving supply chain, warehouse, logistics and operational management to deliver fresher produce to customers and reduce the ratio of food loss significantly. Overall, food waste has been reduced by nearly 40% since 2017. In addition to food waste reduction, the Group aims to increase the proportion of diverted waste to 80% by 2030.

The Group is changing the way we develop and source products and packaging to reduce plastic consumption. We are working to switch our Own Brand products to more environmentally friendly materials or reusable packaging, reducing unnecessary plastic packaging and increasing the use of recycled content. The Group is exploring ways of transitioning away from single use plastic bags and also encouraging increased recycling from customers.

Sourcing responsibly

The Group's responsible sourcing initiatives focus on safeguarding animal welfare, respecting human welfare and protecting biodiversity. The Group is working hard with our suppliers to offer customers products sourced in an ethical, transparent and responsible way. We are committed to no animal testing in all our Own Brand products, except where it is legally required. On limiting the scale of deforestation, we have obtained international certifications to protect forest ecosystems, including certified paper from sustainable forestry sources and Rainforest Alliance certified coffee for our Convenience business in Hong Kong. To protect marine life, 34% of our Own Brand seafood products have obtained certifications such as Marine Stewardship Council (MSC), where 100% of canned tuna are certified.

The year ahead

The lifting of pandemic restrictions on the Chinese mainland is having a positive impact on the Hong Kong and Chinese mainland economies and the Group is cautiously optimistic that the Group will see improved overall performance in 2023. There remain additional market challenges, however, including rising interest rates, inflationary and wage pressures and uncertainty as to the impact these factors will have on consumer sentiment. Overall, the return to pre-pandemic normality in our markets, combined with the effective execution of our business strategy, give us confidence in the medium- to long-term trading prospects of the Group.

Ian McLeod
Group Chief Executive
2nd March 2023

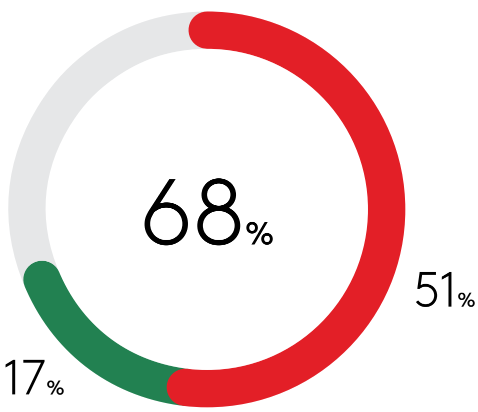
BUSINESS REVIEW

FOOD

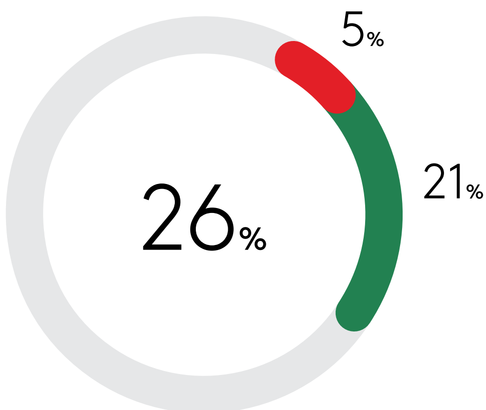
The Group has been encouraged by underlying performance, with Grocery Retail profitability significantly above 2019 levels, supported by the Group's transformation initiatives. Encouragingly, Convenience profitability in the second half improved significantly compared to the first half.

Wellcome's underlying operating metrics **continued to strengthen** and market share has also continued to increase

Group Sales*



Group Profit†



● Grocery Retail ● Convenience Stores

* Sales of goods, including share of associates and joint ventures.

† Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, excluding selling, general and administrative expenses and non-trading items.

Total Sales of Goods‡

US$20.7 billion

Operating Profit

US$141 million

Store Network‡

5,620 stores

- Grocery Retail
- Convenience Stores

‡ Including 100% of associates and joint ventures.

Grocery Retail

DFI Retail Group's Grocery Retail business has been serving our customers for over 70 years striving to achieve our goal of giving customers a proposition they trust, delivering quality, service and value.

Reported sales for the Grocery Retail division in 2022 were US$3.9 billion. Excluding the impact of the Giant Indonesia restructure, revenue for the division reduced by 4%. Underlying operating profit for the division was US$91 million for the year. Profitability was lower than the prior year, primarily due to the absence of the panic buying seen in 2021, further compounded by rising cost of goods sold and operating expenses. Despite the challenges faced throughout 2022, however, the Group has been encouraged by underlying performance, with Grocery Retail profitability significantly above 2019 levels, supported by the Group's transformation initiatives.

There was mixed performance by Wellcome Hong Kong in 2022. Wellcome reported strong like-for-like ('LFL') sales growth in the first quarter, as the fifth wave of the pandemic and related restaurant restrictions drove strong demand from customers for core grocery and protective products. This surge in demand created significant operational challenges, which were overcome by extraordinary team effort and dedication.

Wellcome's re-modelled stores continue to perform well, with **double-digit** sales uplifts

When demand was at its peak, with LFL volume growth of up to 40%, our store operations and supply chain teams experienced staff shortage levels of 40%, due to a rise in COVID infections and the impact of quarantine requirements. This placed immense pressure on the remaining team members to continue to serve the community. There were also significant disruptions to the vendor supply chain, requiring our commercial teams to adapt quickly to ensure enough availability on shelf. During the peak of the fifth wave our supplier service levels halved, with global lead times for replenishment stock also increasing significantly. It was a testament to the tireless efforts of our team that we were able to continue to serve the community during this crucial time and restore supply levels much faster than originally anticipated.

Grocery Retail Own Brand penetration has now reached **double-digit** in volume terms, **almost double** the levels at the beginning of 2020

Wellcome Hong Kong operations and LFL sales began to normalise during the second quarter, as the economy reopened. Over the course of 2022, Wellcome's underlying operating metrics continued to strengthen and market share has also continued to increase. This has been supported by rising customer perception scores over the course of the year, driven by our Every Day Low Prices campaign and strong execution on our Own Brand ranges. Own Brand penetration has now reached double-digit percentages in volume terms, almost double the levels seen at the beginning of 2020. Re-modelled stores continue to perform well, with double-digit sales uplifts.

SEA Grocery Retail performance in the year was adversely impacted by sales normalisation from the higher base previously seen as a result of pandemic restrictions, as well as by the disruption caused by renovation work to our stores and reduced consumer spending appetite due to rapid interest rate hikes and significant inflationary pressure. Inflationary pressure has affected top-line sales revenue and also created margin pressure. The inflation rate in Singapore reached its highest level in 14 years in the period and led to pressure on both labour and utility costs.

7-Eleven Concept — Palawan Beach, Sentosa, Singapore

Convenience

With over 40 years of delivering the convenience shopping experience, DFI Retail Group operates the 7-Eleven franchise in Hong Kong, Macau, South China and Singapore and offers innovative products and services to customers.

Total Convenience sales were US$2.3 billion, an increase of 1% compared to the prior year. Convenience underlying operating profit was US$51 million for the year, broadly in line with the prior year. Encouragingly, profitability in the second half improved significantly compared to the first half, with the Group reporting US$51 million profit compared to the breakeven result in the first half.

The Convenience division experienced contrasting operating trends to our Grocery Retail businesses in their respective regions. In Singapore, our businesses saw a strong recovery as the economy reopened. Throughout the course of the year, we have seen accelerating LFL sales trends, with double-digit LFL growth over the past three quarters. Profitability in Singapore has also increased significantly as a result.

Within Hong Kong, the fifth wave led to negative LFL sales in the first quarter, which significantly impacted profitability. However, as Hong Kong has progressively removed pandemic restrictions, we have seen LFL sales improve over the remainder of the year. As a result, profitability for 7-Eleven in Hong Kong in the second half was nearly four times as much as that reported in the first half.

While each of our businesses has been impacted by the pandemic and the related movement and trading restrictions, none have been more affected than our businesses in the Chinese mainland. In the first quarter, the COVID wave across several cities led to services for around 300 stores being suspended, or to their hot ready-to-eat meals offer being heavily restricted. More recently, in November, the situation worsened, with the number of COVID cases in Guangdong hitting all-time highs. Drastic measures were imposed in the city and more than 600 of our stores experienced severe trading disruptions. Despite the inherent challenges arising from the lifting of restrictions in recent weeks, stores can now begin trade with some degree of normality once more. We are encouraged by the more recent performance following the lifting of pandemic restrictions on the Chinese mainland.

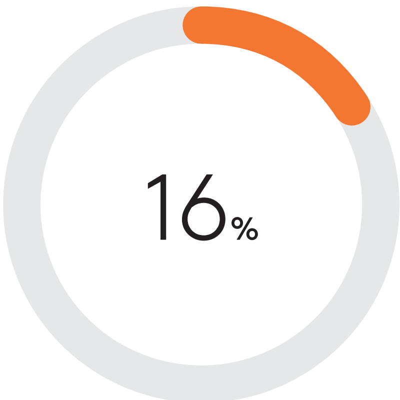
BUSINESS REVIEW

HEALTH & BEAUTY

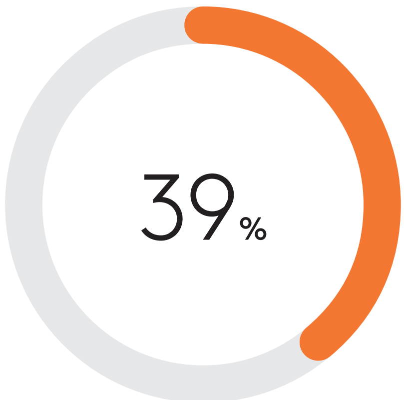
Health and Beauty division revenue increased by 12%, driven by strong double-digit LFL sales growth. Underlying profit increased by 66%.

Mannings celebrated its **50th anniversary** and remains focussed on delivering quality, service and value to our customers, paving our way to becoming the **most trusted** health and beauty retailer

Group Sales*



Group Profit†



● Health & Beauty

* Sales of goods, including share of associates and joint ventures.

† Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, excluding selling, general and administrative expenses and non-trading items.

Total Sales of Goods[‡]

US$2.6 billion

Operating Profit

US$94 million

Store Network[‡]

2,552 stores

● Health & Beauty

‡ Including 100% of associates and joint ventures.

Health & Beauty

DFI Retail Group's Health and Beauty business operates across Asia through well-established and trusted brands such as Mannings and GNC in North Asia, and Guardian in Southeast Asia, serving our customers with a wide range of health, beauty, personal care and baby care products.

Health and Beauty division revenue increased by 12% to US$2.0 billion, driven by strong double-digit LFL sales growth. Underlying operating profit increased by 66% to US$94 million, driven by solid sales growth.

In Hong Kong, the Mannings business benefitted from strong demand for COVID-related items (such as medicines, vitamins, paper products, masks, hand sanitiser and cold & flu medication) in the first quarter. Like the Wellcome team, the Mannings team also exhibited extraordinary resilience in the face of COVID-related challenges. At the peak of demand, staff shortages at the Mannings distribution centre reached over 40%,

and out-of-stocks were between 25% and 40%, depending on the product category. The Mannings team continues to execute its offering well, with record high market share levels. At the same time, customer promotions are also being optimised, with a balance between full-price sales and promotion participation. On Own Brand, Mannings has also made some encouraging progress, achieving strong volume penetration.

Health and Beauty Own Brand products now accounting for **one in every four** Mannings items purchased by our customers

Mannings' Own Brand cotton range achieved the **no. 1** market share position in Hong Kong

In SEA, LFL sales for our Guardian business saw double-digit growth, with profitability also growing strongly. The performance of our Guardian business over the past two years has been severely hampered by COVID and associated restrictions. As countries within SEA have removed pandemic restrictions, however, traffic has grown and there has been an associated LFL sales improvement. Guardian Singapore reported strong double-digit LFL sales growth, driven by

strong demand for COVID-related items, as well as a recovery in the performance of tourist stores. Guardian Malaysia reported strong growth in sales and profitability as result of a recovery in both tourist and mall store sales. Guardian Indonesia reported over 30% growth in LFL sales, supported by a recovery in mall foot traffic.

LFL sales for our Guardian business saw **double-digit** growth, with profitability also growing strongly

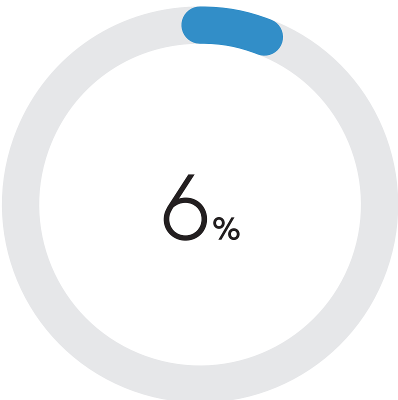
BUSINESS REVIEW

HOME FURNISHINGS

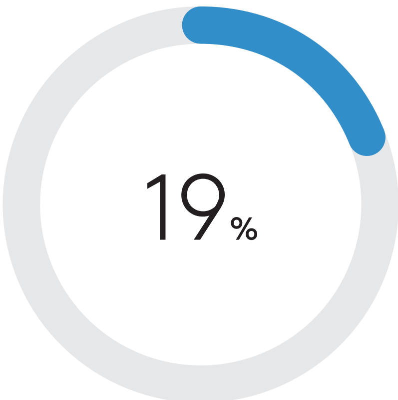
IKEA reported sales revenue was 3% ahead of the prior year. Operating profit was slightly ahead of the prior year, despite challenging external conditions and supply chain constraints impacting availability.

IKEA's business performance, particularly in the first half, was hampered by the impact of COVID and global supply chain constraints. Throughout the second half, however, we began to see some **improvements in traffic and sales**

Group Sales*



Group Profit†



● Home Furnishings

* Sales of goods, including share of associates and joint ventures.

† Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, excluding selling, general and administrative expenses and non-trading items.

Home Furnishings

The world's largest furniture retailer, IKEA, is operated by DFI Retail Group in Hong Kong, Macau, Taiwan and Indonesia. Renowned for design, functionality and quality at affordable prices, IKEA offers a comprehensive range of attractive home furnishing products, underpinned by a solid commitment to sustainability.

Total Sales of Goods‡

US$ 839 million

Operating Profit

US$ 46 million

Store Network‡

23 stores

● Home Furnishings

‡ Including 100% of associates and joint ventures.

IKEA reported sales revenue of US$839 million, 3% ahead of the prior year. Overall, LFL sales for the year were impacted by COVID-related restrictions in the first half and supply chain constraints, which impacted stock availability. Operating profit was US$46 million, slightly ahead of the prior year, primarily due to strong cost control.

Strong e-commerce growth and double-digit penetration

IKEA's business performance, particularly in the first half, was hampered by the impact of COVID through reduced customer visits, operating capacity constraints and shortened trading hours. In addition, global supply chain constraints continued to impact stock availability. Throughout the second half, however, we began to see some improvements in traffic and sales, especially in Indonesia.

In Indonesia, total trading area increasing by **over 150%** against 2019 levels

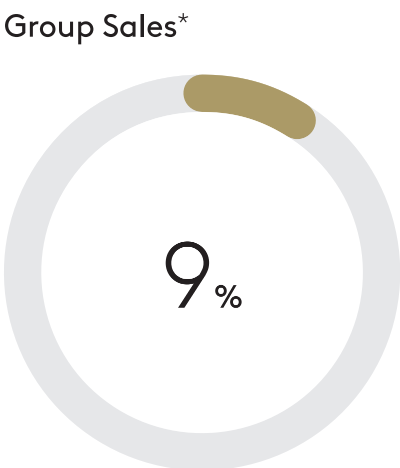
In Indonesia, the Group has invested significant capital over the past two to three years to grow its IKEA footprint, with total trading area increasing by over 150% against 2019 levels. While recent trading performance has been impacted by COVID as well as global supply chain constraints, the Group remains optimistic that performance will improve as external conditions normalise and IKEA is well-positioned to be a significant player in the Indonesian market over time.

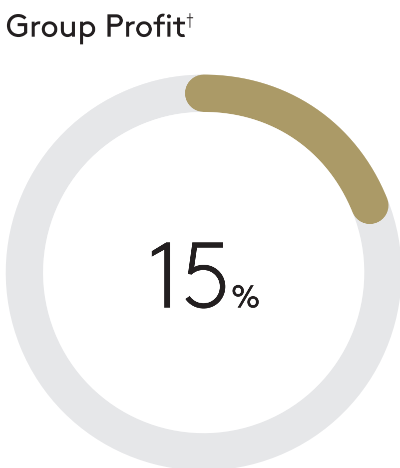
BUSINESS REVIEW

RESTAURANTS

Maxim's has become more resilient after mooncake sales season and easing of dining restriction in 2nd half.

Maxim's remains committed to pursuing its **multi-brand strategy**





● Restaurants

* Sales of goods, including share of associates and joint ventures.

† Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, excluding selling, general and administrative expenses and non-trading items.

Sales‡

US$ 2.5 billion

Share of Results

US$ 52 million

Store Network‡

1,908 stores

● Restaurants

‡ Including 100% of associates and joint ventures.

Restaurants

Founded in 1956, Maxim's is a household name in Hong Kong, famous for its mooncakes and successful restaurants, bakeries, cafes and catering. The Maxim's network has expanded across Asia Pacific, with over 1,900 outlets in Hong Kong, Macau, Chinese mainland, Vietnam, Cambodia, Laos, Thailand, Singapore and Malaysia.

Maxim's reported **strong** sales performance in SEA due to restriction-free social distancing measures and border reopening to international travellers

The performance of Maxim's for the full year was severely hampered by a very challenging first quarter as result of the fifth wave in Hong Kong, which led to a large number of restrictions on movement and dining. LFL sales were significantly impacted and the Group's share of underlying Maxim's losses was US$26 million in the first half. Maxim's performance improved as the year progressed, due to a solid mooncake sales performance and the easing of dining restrictions. The Group's overall share of Maxim's underlying profits was US$38 million for the full year, representing a significant turnaround from the US$26 million loss reported in the first half.

BUSINESS REVIEW

OTHER ASSOCIATES

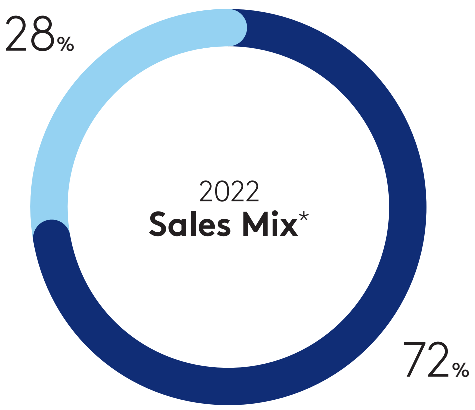
The Group's investment in Yonghui and Robinsons Retail continued to demonstrate our diversified business portfolio strategy. Underlying results from our associates improved relative to last year.

The Group's share of underlying Yonghui losses was US$80 million for the year, compared to a US$90 million underlying share of losses in the prior year. Yonghui's LFL sales improved in the first half of the calendar year, which translated into improved profitability. Performance in the second half, however, was impacted by pandemic restrictions which severely disrupted store trading hours, as well as the slowdown in the overall macroeconomic environment. Yonghui's profitability was also impacted by investments in its digital transformation and by margin dilution from a greater level of e-commerce sales.

Robinsons Retail reported strong growth in 2022, as it benefitted from the reopening of the Philippines economy, which has supported rising customer traffic and increased tourism. Improved product mix and strong cost control led to an increase in operating margin expansion. Despite inflationary pressures, the retail climate in the Philippines remains healthy, and the reopening of the country has translated into higher volumes. Robinsons Retail's underlying profit contribution to the Group was US$24 million in 2022, an over 60% increase relative to the US$14 million contribution in 2021.

FINANCIAL REVIEW

"The Group has been encouraged by significant improvement in underlying profitability in the second half of the year, which has been underpinned by strengthened underlying fundamental following implementation of transformation initiatives."



North Asia   Southeast Asia

* Sales of goods, including share of associates and joint ventures.
† Including 100% of associates and joint ventures.

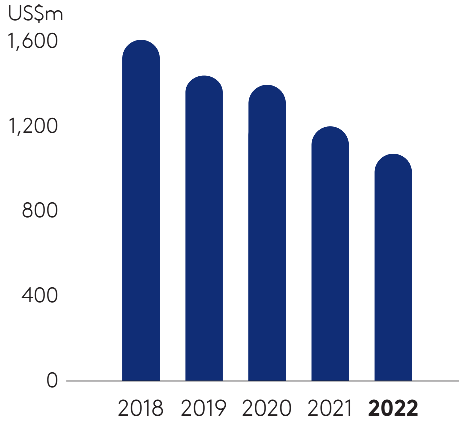
Accounting policies

The accounting policies are consistent with those of the previous year except for the reclassification of revenue as stated in note 1 to the financial statements. The Directors continue to review the appropriateness of the accounting policies adopted by the Group, regarding developments in International Financial Reporting Standards ('IFRS'). In 2022, the Group has applied Covid-19-Related Rent Concessions beyond 30th June 2021 (Amendment to IFRS 16) that extends, by one year, the May 2020 amendment. The amendment allows reduction in lease payments that affects payments originally due on or before 30th June 2022, which are granted as a direct consequence of the COVID-19 pandemic, to be recognised in the profit and loss over the period in which they cover, subject to satisfying specific conditions, rather than as a modification of the lease following IFRS 16 'Leases'. The adoption of the Amendment results in the recognition of US$15 million *(2021: US$43 million)* of rent concessions in other operating income during the year.

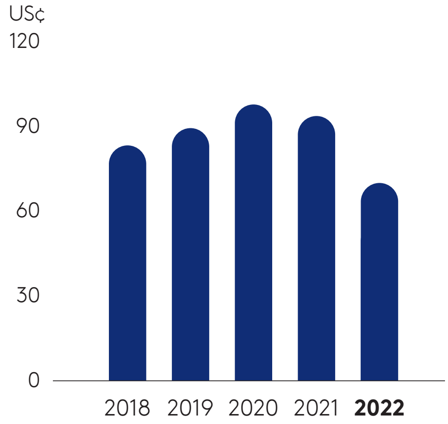
Results

2022 was another challenging year for DFI Retail Group, with the Group's reported financial results impacted by the continuation of the COVID-19 pandemic as well as macroeconomic challenges and inflationary pressures. However, the Group has been encouraged by significant improvement in underlying profitability in the second half of the year, which has been underpinned by strengthened underlying fundamental following implementation of transformation initiatives.

Underlying EBITDA



Net Asset Value per Share



Revenue, excluding those of associates and joint ventures, totalled US$9.2 billion, which was broadly in line with last year. Total revenue, including 100% of associates and joint ventures, was 1% down at US$27.6 billion.

Underlying profit for the Group's subsidiaries was US$64 million, a 56% reduction compared with prior year. This was primarily due to the combination of inflationary pressures and customer behavioural shifts driven by the pandemic, particularly in the first half.

Grocery Retail business reported operating profit reduction primarily due to the absence of the panic buying seen last year, further compounded by the inflationary pressure on rising inventories costs and operating expenses. Despite the challenges faced throughout 2022, however, the Group has been encouraged by underlying performance, with Grocery Retail profitability significantly above 2019 levels, supported by the Group's ongoing transformation programme.

Sales and profitability in Convenience business were broadly in line with last year. Significant improvements were seen in second half of the year as the Group began to experience normalisation of customer traffic following easing of movement restrictions across our key markets, particularly in Hong Kong.

Strong sales growth in the Health and Beauty business was driven by double-digit like-for-like sales growth in key markets. In Hong Kong, Mannings business benefitted from effective in-store execution and strong demand for COVID-related items. In Southeast Asia, profitability for Guardian increased due to strong sales growth and recovery in the tourist store sales.

Sales in Home Furnishings business were 3% ahead of last year while the operating profit increased by 1%. The overall business performance was impacted by COVID-related restrictions as well as the global supply chain constraints that caused challenges to stock availability.

Net financing charges increased by US$3 million compared to 2021, reflecting the higher interest rates on external borrowings, offset by the lower interest expenses charged on leases resulting from the front-loaded characteristics of IFRS 16 'Leases'.

The Group's share of the underlying results of associates and joint ventures was US$35 million loss, with underlying performance improving in the second half.

Contribution from Maxim's underlying results decreased by 27% to US$38 million in 2022, primarily as a result of the government-imposed restrictions on movements and dining in first half.

The Group's share of Yonghui's underlying losses was US$80 million for the year, compared to US$90 million in the prior year. Yonghui's profitability was impacted by store disruption caused by the pandemic, investments costs associated with digital transformation and margin dilution from a greater level of e-commerce sales. The Group's interest in Yonghui, increased from 21.08% to 21.13%, following a share buyback by Yonghui during the year.

The Group's share of underlying results in Robinsons Retail increased by 66% to US$24 million. Strong growth was due to the reopening of the Philippines economy resulting from the rising customer traffic and increased tourism. During the year, the Group's interest in Robinsons Retail also increased from 20.76% to 21.30% following a share buyback by Robinsons Retail. Despite the encouraging results, the Group recorded a non-trading impairment charge of US$171 million with respect to the holding value of its investment in Robinsons Retail as rising interest rates globally have impacted valuations across all asset classes.

The tax charge for 2022 was US$31 million, 47% lower than 2021, mainly due to overall decrease in operating profit during the year.

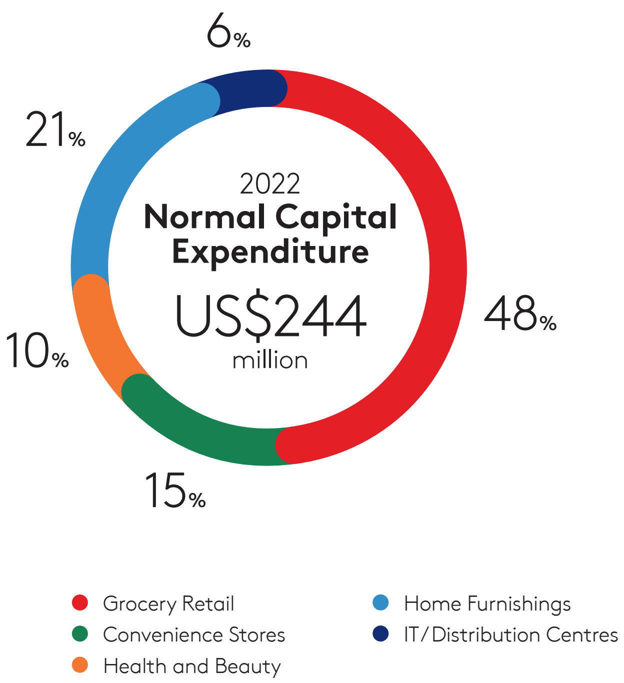
Non-trading items of US$143 million were reported in 2022, principally from the impairment charge of the Group's Robinsons Retail investment, partly offset by the profit on disposal of certain properties in Hong Kong, Malaysia, Singapore and Indonesia, together with other gains on the changes in interests in associates and joint ventures.

Underlying profit attributable to shareholders was US$29 million, down 72% from US$105 million in 2021. Underlying earnings per share of US¢2.14 were also down by 72%, as compared with US¢7.73 in 2021.

Cash flow

Summarised Cash Flow	2022 US$m	2021 US$m
Underlying operating profit	209	314
Depreciation and amortisation	861	886
Increase in working capital	(7)	(10)
Net interest and other financing charges paid	(121)	(116)
Tax paid	(43)	(110)
Dividends received from associates	45	46
Other	(4)	(68)
Cash flows from operating activities	940	942
Principal elements of lease payments	(661)	(672)
Cash flows from operating activities after lease payments	279	270
Normal capital expenditure	(244)	(212)
Investments	(28)	(7)
Disposals	71	94
Cash flows from investing activities	(201)	(125)
Cash flows before financing but after lease payments	78	145

The Group maintained solid cash flows from operating activities after lease payments of US$279 million in the year, compared with US$270 million in 2021. Normal capital expenditure was higher at US$244 million versus US$212 million in 2021 principally due to the investment in digital capacity and refurbishment of the existing estate.



At 31st December 2022, the Group's businesses, including associates and joint ventures, operated a total of 10,663 stores across all formats in 13 markets, compared with 10,286 stores at the end of 2021. Included in this total are 1,074 Yonghui stores, 1,908 Maxim's stores and 2,261 Robinsons Retail stores.

Balance sheet

Total assets, excluding cash and bank balances, were US$7.1 billion, down US$299 million compared to 2021. The decrease was mainly due to the impairment charge on the Group's investment in Robinsons Retail and the unfavourable exchange movements in Asian currencies on translation to the reported currency, United States dollar, partly offset by the increased inventory balances due to stock piling for early Chinese New Year in 2023. Net operating assets were US$941 million at the end of 2022, a 26% drop from previous year.

The Group ended the year with net debt of US$866 million, broadly in line with last year's level.

Dividend

The Board is recommending a final dividend of US¢2.00 per share, giving a total dividend of US¢3.00 per share for the year.

Financing

As of 31st December 2022, the Group had a gross debt of US$1,096 million, an increase of US$42 million from 2021. The gross debt is funded by total committed and uncommitted lines of US$3,051 million, with US$1,403 million committed and US$552 million uncommitted facilities being unused and available. The Group had cash balances of US$231 million. The available undrawn committed facilities and the cash pooling scheme continued to provide good support and flexibility to the Group for cash and liquidity needed for the operation.

Where required, and typically for working capital purposes, borrowings are normally taken out in local currencies by the Group's operating subsidiaries to fund daily operations. Borrowings to fund any strategic expansion of the Group are managed centrally and typically funded in United States dollars and Hong Kong dollars, with hedging of foreign exchange and interest rate risk as may be appropriate depending on the investment.

Despite the ongoing challenges posed by pandemic, the Group remains encouraged by the momentum of its ongoing transformation and is confident that it is delivering sustainable improvements to the business over-time which will drive medium- to long-term growth.

Audit opinion

With Yonghui's contribution to the Group's financial results, the Group's external auditors, PricewaterhouseCoopers, determined that a full scope audit of Yonghui's results is required as part of their audit of the Group's financial statements. The Group equity accounts for its share of Yonghui's results on a three-month lag such that Yonghui's results for the 12 months ended 30th September are included in the Group's financial results for the calendar year.

A full scope audit for Yonghui could not be done in 2021 as Yonghui's management concluded that it was impractical for an additional audit to be conducted given the extent of the time and efforts required. Consequently, the Group's 2021 audit opinion was qualified to reflect this fact.

In 2022, the Group has engaged Ernst & Young to perform a full scope audit for the 12 months ended 30th September 2022 with the consent from Yonghui's management, with audit results fully reported to PricewaterhouseCoopers as Group auditor. Accordingly, an unqualified opinion on the Group's financial statements for the year ended 31st December 2022 is issued, with a qualification on the comparability of the financial results with those for the year ended 31st December 2021.

Financial risk management

A comprehensive discussion of the Group's financial risk management policies is included in note 40 to the financial statements. The Group manages its exposure to financial risk using a variety of techniques and instruments. The main objectives are to limit exchange and interest rate risks and to provide a degree of certainty about costs. It is our policy not to engage in speculative derivative transactions. The investment of the Group's cash resources is managed to minimise risk while seeking to enhance yield. Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt (short and long-term), to maximise flexibility for the future development of the business.

Principal risks and uncertainties

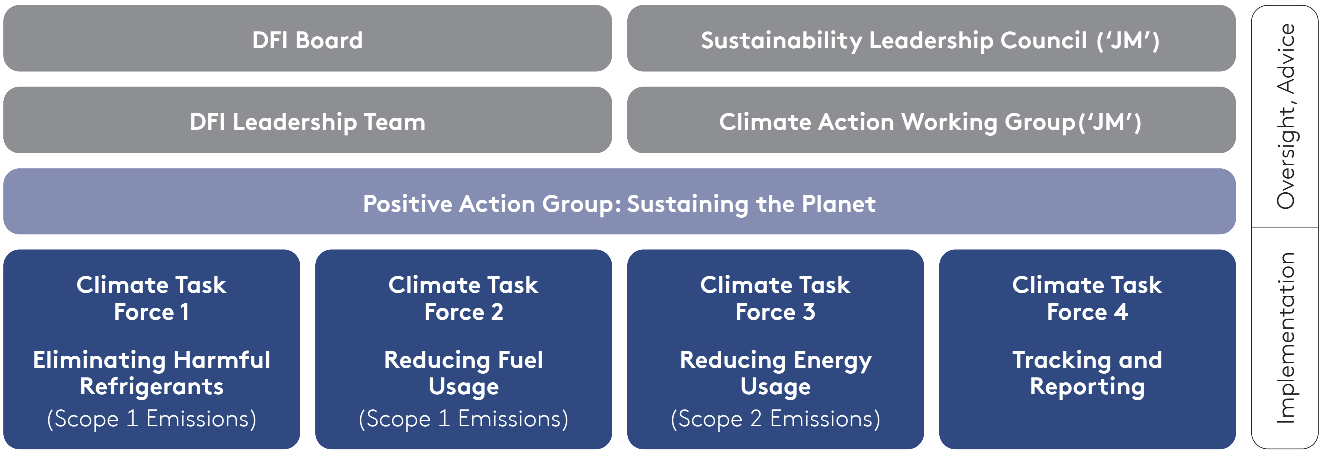
A review of the principal risks and uncertainties facing the Group is set out on pages 161 to 166 of the annual report.

Clem Constantine
Chief Financial Officer
2nd March 2023

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ('TCFD')

To manage physical and transition climate risks proactively, DFI Retail Group has completed a climate risk analysis as per the recommendations of the Task Force on Climate-Related Financial Disclosures ('TCFD'). This report represents our climate related financial disclosures consistent with the TCFD recommendations. Further work is underway to enhance the assessment and the mapping of climate risks over the short, medium, and long term.

Governance



DFI has implemented a governance framework as illustrated above.

The Board's oversight of climate-related risks and opportunities

DFI Board is ultimately responsible for ensuring the Group is managing its climate risks, Greenhouse Gas ('GHG') emissions, and sustainability objectives. The Board manages this through considering and approving key initiatives. For example, in 2022 they have approved the Company's carbon footprint baseline, and Net Zero plans including the necessary capital expenditure for 2022 and 2023. Furthermore, they receive updates on climate and sustainability risks and mitigation measures.

The Sustainability Leadership Council ('SLC') comprises of the Chief Executives of all Jardine Matheson ('JM') Business Units, which includes DFI. Meeting twice a year, the SLC serves as a collaboration platform for the senior management from across the JM Group to exchange insights and perspectives on sustainability strategy, planning, and direction for the JM Group including DFI.

The SLC receives updates on global and regional climate and sustainability trends, policies, initiatives, and activities undertaken by JM Group businesses including DFI. Progress on climate risk assessments, and identified climate risks and opportunities are also provided to the SLC to inform their discussion of sustainability strategy and priorities. Sustainability-related policies, including JM Group's Climate Change Policy, were reviewed by the SLC and published in 2022. All sustainability-related policies are periodically reviewed by executive management and updated as required.

Management's role in assessing and managing climate-related risks and opportunities

DFI's Leadership Team will review progress against DFI's Net Zero targets at least twice a year starting in 2023. Actual results will be reviewed and plans to deliver the short, medium, and long-term targets will be discussed. The time horizons to analyse climate-related risks and opportunities are defined as short term (between now and 2025), medium term (2025-2030), and long term (2030-2050 and onwards).

The Positive Action Group ('PAG') for Sustaining the Planet is chaired by the Group Chief Executive and meets every 6 weeks to discuss progress, provide clarity on priorities, remove obstacles that might prevent progress, and make decisions if needed. This makes sure that we stay on track to deliver our short, medium, and long term objectives.

The Climate Action Working Group ('CAWG') fosters collaboration between the various Business Units ('BU') of JM and creates a community of expertise. Comprising enthusiastic and committed representatives from each BU, the CAWG meets on a quarterly basis to collaborate on the Climate strategy and to drive a shared agenda forward. DFI's Climate Task Force teams regularly contribute to the CAWG, including sharing initiatives to reduce scope 1 and 2 emissions, and learning from other Business Units that have already taken action.

The organisation's processes for managing climate-related risks

The Climate Task Forces ('CTF') are responsible for the implementation of the plans needed to deliver DFI's climate targets. The CTF are sponsored by the group CFO and chaired by senior leaders: the Construction Director leads the Eliminating Harmful Refrigerants CTF, our Supply Chain Directors the Reducing Fuel Usage CTF, our Facilities Management Director the Reducing Energy Usage CTF and our Head of ESG Reporting the Tracking and Reporting CTF. The CTFs meet bi-weekly and are supported by our Sustainability Lead, Head of ESG Reporting, and Senior Finance Director.

Risk Management

How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

DFI's existing risk management approach adopts the ISO 31000 and COSO principles. The DFI Risk Management team manage this approach, which consists of a bi-annual exercise, where DFI business units are required to revisit their respective risk registers. This process entails the identification of new risks, the review of existing risks, and risk mitigation strategies. These risk registers then form the basis of our consolidated view of DFI Group's risk profile, and are reported for consolidation at JM Group. Both Physical and Transition Risk have been integrated into this existing DFI risk management approach.

The organisation's processes for identifying and assessing climate-related risks

In 2022 both Physical and Transition Risk workshops were held for the first time with senior business leaders, with the objective of aligning on both DFI's climate strategy and the planned mitigations to each risk. The results of these workshops have been incorporated into the risk management approach, and these workshops will be held on an annual basis.

The metrics used by the organization to assess climate-related risks and opportunities are in line with its strategy and risk management process

In order to help quantify and prioritise climate risks, a risk assessment model has been established across 3 different climate scenarios*: 1.8 °C, 2.2 °C, and 3.7 °C increase by 2100 (with financial impact of each of these scenarios over the short, medium, and long term). We have chosen these scenarios as we understand them to be science based and in line with the Representative Concentration Pathways used by the Intergovernmental Panel on Climate Change ('IPCC'). All of these scenarios are considered possible depending on the volume of GHG emitted in the years to come.

Transitioning to a net-zero economy will bring about regulatory, technological, legal, market, and reputational changes that we believe will likely impact DFI in the medium to long term. These risks are higher in the 1.8 °C and 2.2 °C increase scenarios. However, physical risks will likely be greater in the 2.2 °C and 3.7 °C increase scenarios due to increased likelihood of extreme weather events.

Strategy

The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

We believe that climate risks are emerging in the short term, but are most likely to materialise in the medium and long-term. In response, we have formulated a strategy for responding to climate risk in the short term, and further work is underway to mitigate these risks over the medium and long term. We understand that this is not fully consistent with the additional TCFD guidance for all sectors, but we will continue to improve our disclosure in DFI's 2023 TCFD report.

The resilience of the organisation's strategy, taking into consideration different climate-related scenarios

The risk assessment model considers DFI's store and distribution centre geographical footprint, where the exposure of each location to extreme weather events is calculated by the likelihood of each of these events (increasing in probability as temperatures increase over the short, medium, and long term in each temperature scenario) multiplied by the potential financial impact of each event occurring in any given year. Potential financial impacts include owned asset damage, and business and supply chain disruption.

Based on the outcomes of the assessment we have concluded that the financial impact of physical risks on our asset values is not likely to be significant (<US$ 250,000 assessed net impact) to our profitability, and therefore this is not separately disclosed. However, the assessment will be updated annually, and if future impacts are re-assessed to be significant they will be included in this annual TCFD report.

In addition to this model, we considered the physical risk of the supply of 5 key commodities (Rice, Wheat, Soy, Sugar Cane, and Coffee), and concluded that in the short and medium term there is no significant financial impact (<US$250,000). We are still assessing the potential impact in the long term.

* These scenarios are in line with the Representative Concentration Pathways, indicating GHG concentrations used by the IPCC. RCP4.5, RCP 6.0, and RCP8.5 correlate with temperature rises of 1.8°C, 2.2°C, 3.7°C by 2100.

The climate-related risks and opportunities the organisation has identified over the short, medium, and long term

As a result of this risk assessment model, a summary of the physical risks with the greatest potential financial impact on our business, and our response (current and planned mitigation measures), is included in the table below. Also included are transition risks (with potential impact and response) concluded upon in the transition risk workshops conducted with DFI business leaders. A full assessment of opportunities to DFI has also been completed, but as no net benefits have been concluded these are not separately disclosed.

Physical Risks	Potential Impacts	DFI's Response
Typhoon Severity as measured by wind speed is increasing in Southeast Asia and is expected to move north, with more frequent and destructive typhoons across DFI markets. **Rainfall Flooding** Severity as measured by flood depth is expected to increase across Asia. This will have implications for our low lying and flood vulnerable locations.	• Disruption of services and business operations • Damage to equipment, facilities and properties • Decrease in demand due to business disruption, and customers moving to different areas • Supply Chain disruptions	• Business continuity planning for all locations • Review of overflow and drainage systems for locations susceptible to flooding • Review geographical flood plains before committing to new locations • Maintain standard operating procedures and evacuation plans • Dual sourcing and increasing supplier resilience
Extreme Heat Measured by the combined impact of temperature and humidity on the human body and is forecasted to increase in the period to 2030 across Asia.	• Higher energy costs for cooling • Damage to buildings and inventory • Adverse effect on employees' health and safety • Supply Chain disruptions	• Energy and refrigeration efficiency initiatives • Planned preventative maintenance of air-conditioning equipment • Maintain safety at work procedures for employees working in extreme heat conditions • Dual sourcing and increasing supplier resilience

Transition Risks	Potential Impacts	DFI's Response
Carbon Price Direct (e.g. Carbon tax) or indirect costs associated with emissions reduction regulatory or fiscal policies. **Energy Price** The rising prices of primary and secondary energy (fossil fuels and electricity). **Policies and Regulations** Including green building policies and related requirements.	• Higher raw material prices • Higher operating costs • High energy efficiency requirements	• Reductions in Scope 1 and 2 GHG emissions (refer detail following this table) • Develop a strategy for a lower-carbon supply chain, including (but not limited to) local sourcing efforts, country of origin assessments, and sustainable commodities initiatives. • Reducing embodied carbon in new stores

Scope 1 and Scope 2 GHG emissions, and the related risks

To elaborate on DFI's response to reduce Scope 1 and 2 GHG emissions: most of our scope 1 and 2 GHG emissions come from energy consumption and refrigerant leakages. We are investing US$15-20 million per year (which represents around 15% of our total capital commitments each year) into climate initiatives related to energy efficiency, refrigerant management, and electrifying our fleet. With all these initiatives, we are committed to achieving our reduction targets for scope 1 and 2 emissions.

Scope 1 and 2 emissions

Reducing harmful refrigerants

DFI is reducing refrigerant gas emissions by installing leak detectors, deploying dedicated leak fix teams, replacing high global warming gasses, and installing new systems which have a lower refrigeration gas charge. In 2022, DFI was the first retailer in Hong Kong to install a Water Loop refrigeration system, which reduces the refrigeration gas charge compared to a traditional centralised system by approximately 90%. Our medium-term target by 2030 is to reduce our leakage rate to global supermarket best practices.

Reducing energy usage

Most of our electricity is used in DFI's Grocery Retail and Convenience Stores businesses. To help reduce energy consumption, DFI has implemented energy behavioural change campaigns, leading to a 2% energy consumption reduction on a like-for-like basis (locations that have had a full 12 months of electricity consumption in both 2021 and 2022). The Group also completed LED lighting roll-out across our retail networks, covering almost 1,000 stores in Hong Kong, Singapore, and Malaysia. We also began implementing technologies to improve refrigeration equipment efficiency.

Meanwhile, Wellcome installed one of the largest solar panel systems in Hong Kong on the rooftop of its Fresh Food Processing Centre, generating one million kWh of electricity per year, and the IKEA Kaohsiung store in Taiwan now has a solar panel on the roof with 0.9 million kWh annual capacity. By 2026, we are committed to installing solar panels on all retail properties which DFI owns.

Reducing fuel usage

Our priority is to improve fuel usage efficiency by optimising truck loads and where possible routing. In the Hong Kong market, we are actively seeking opportunities to purchase our first electric truck, with the goal of electrifying the rest of our fleet in the medium to long term.

Metrics and Targets*

The targets used by the organisation to manage climate-related risks and opportunities and performance against targets

DFI has set ambitious climate targets that are aligned with The Paris Agreement to revert the harm of climate change on ecosystems and societies. We are committed to halving our scope 1 and 2 emissions by 2030 and achieving net zero by 2050 (all from a baseline year of 2021).

* Scope 1, 2, and 3 reporting follows the methodology for the mapped GRI Indicators: 305-1 Direct (scope 1) GHG emissions, 305-2 Energy indirect (scope 2) GHG emissions, 305-3 Other indirect (scope 3) GHG emissions, 305-4 GHG emissions intensity, 305-5 Reduction of GHG emissions.

Disclose Scope 1, Scope 2, and, if appropriate Scope 3 GHG emissions

DFI is progressing well towards its 2050 net zero target. From 2021 to 2022, DFI has reduced Scope 1 GHG emissions by 24%. Scope 2 GHG emissions have increased 0.4% from 2021 to 2022, as the 2% like-for-like energy consumption reduction has been offset by new store openings in China, Indonesia, and Cambodia. Several energy efficiency initiatives have been implemented at the end of 2022, which are expected to reduce consumption in 2023 and beyond.

DFI Group Scope 1 and 2 GHG Emissions	2022 kt CO_2e	2021 kt CO_2e	% change
Refrigerants	281	370	-24%
Fuel for Owned Trucks	8	9	-10%
Total Scope 1	**289**	**379**	**-24%**
Electricity	488	486	+0.4%
Total Scope 2	**488**	**486**	**+0.4%**
Total Scope 1 and Scope 2	**777**	**865**	**-10%**
Intensity Per US$m Net Sales	**85 Tonnes**	**96 Tonnes**	**-11%**

GHG emissions are measured on a per store level, reported and discussed monthly in the PAG. Progress against annual targets is tracked, with annual targets formed from DFI's planned pathway to net zero for GHG emissions.

In 2022, we have managed to quantify the 2021 baseline for Scope 3 GHG emissions. The majority of Scope 3 categories have been calculated by multiplying spend data with Environmentally-Extended Input-Output ('EEIO') emission factors ('EF'). Where category specific emissions factors are readily available, these have been used (including but not limited to upstream electricity EF, commuting EF, and waste disposal EF). Rice, dairy, and meat account for a large part of Scope 3 GHG emissions, driven by upstream agricultural activities.

DFI is working on a plan to reduce Scope 3 emissions. Achieving significant emissions reduction in our value chain will require governments' intervention, substantive collaboration with suppliers, and communication with customers. As such, our ability to influence carbon reduction presents both a risk and an opportunity, and success will be decided by our relationships both upstream and downstream in our value chain.

DFI Group Scope 3 GHG Emissions	2021
Scope 3 GHG emissions from the value chain (thousand tonnes)	5,290
Scope 3 as a percentage of total 2021 GHG emissions (Scope 1 + 2 + 3)	86%

DIRECTORS' PROFILES

Ben Keswick
Chairman

Ben Keswick joined the Board as Managing Director in April 2012 and held the position until June 2020. He has been Chairman since 2013. He was also managing director of Jardine Matheson from 2012 to 2020. He has held a number of executive positions since joining the Jardine Matheson group in 1998, including finance director and then chief executive officer of Jardine Pacific between 2003 and 2007, and group managing director of Jardine Cycle & Carriage until March 2012. He is executive chairman of Jardine Matheson and chairman of Hongkong Land and Mandarin Oriental. He is also chairman of Jardine Cycle & Carriage and a commissioner of Astra. He is a director of Yonghui Superstores and held the position of chairman between 2018 and 2020. He has an MBA from INSEAD.

John Witt*
Managing Director

John Witt joined the Board in 2016 and was appointed Managing Director in June 2020. He has been with the Jardine Matheson group since 1993 and has held a number of senior finance positions, including group finance director of Jardine Matheson from 2016 to 2020 and the chief financial officer of Hongkong Land. John is chairman of Jardine Matheson Limited, group managing director of Jardine Matheson and managing director of Hongkong Land and Mandarin Oriental. He is also a director of Jardine Pacific and Jardine Motors, as well as a commissioner and chairman of the executive committee of Astra. John is a Chartered Accountant and has an MBA from INSEAD.

Ian McLeod*
Group Chief Executive

Ian McLeod joined the Board as Group Chief Executive in 2017. He has extensive experience in the retail sector and was previously chief executive of Southeastern Grocers in the United States, before which he was managing director of Coles in Australia. He is also a director of Yonghui Superstores and a commissioner of Hero.

Clem Constantine*
Chief Financial Officer and Property Director

Clem Constantine joined the Board as Chief Financial Officer in 2019, having joined the DFI leadership team as Property Director in 2018. He is a Chartered Accountant with extensive experience in senior finance and property roles in the retail sector. He has previously held finance, international and property directorships with Marks and Spencer, the Arcadia group, Debenhams and the Burton Group in the United Kingdom.

* Executive Director

Dave Cheesewright	Dave Cheesewright joined the Board in 2021. He is currently a non-executive director of Coles Group Limited and Rapha Racing Ltd. He was the former president and chief executive officer of Walmart International.
Weiwei Chen	Weiwei Chen joined the Board in 2021. She is currently a non-executive director of HBM Holding Ltd., an independent non-executive director of LianBio and board senior adviser to PharmPlus. She was the former vice president and chief financial officer, China of Starbucks and chief financial officer, China Division of Yum! Brands.
Adam Keswick	Adam Keswick joined the Board in 2012. Having joined Jardine Matheson in 2001, he was appointed to the Jardine Matheson board in 2007 and was deputy managing director from 2012 to 2016. Adam is a director of Hongkong Land and Mandarin Oriental. He is also a director of Ferrari NV, Schindler and Yabuli China Entrepreneurs Forum and vice chairman of the supervisory board of Rothschild & Co.
Anthony Nightingale	Anthony Nightingale joined the Board in 2006 and was Managing Director of the Company from 2006 to 2012. He is also a director of Hongkong Land, Jardine Cycle & Carriage, Jardine Matheson, Shui On Land and Vitasoy, and a commissioner of Astra. He is chairperson of The Sailors Home and Missions to Seafarers in Hong Kong. He is a past chairman of the Hong Kong General Chamber of Commerce and served on many Hong Kong Government committees from 1992 to 2022, also representing Hong Kong on the APEC Business Advisory Council from 2005 to 2017.
Christian Nothhaft	Christian Nothhaft joined the Board in 2021. He is currently the chair of Active Capital Partners Limited and entrepreneur in residence with Warburg Pincus LLC. He was the former CEO of Watsons Personal Care Stores, China and managing director of Fortress.

OUR LEADERSHIP

Ian McLeod

Group Chief Executive

Ian McLeod is currently Group Chief Executive for the DFI Retail Group; a multi-sector retailer, based in Hong Kong operating in 13 different Asian markets, with over 10,600 retail outlets across the group and its associated companies.

Ian has over 35 years of deep retail transformation experience from around the world spending his early career with Asda in the United Kingdom and Walmart in Germany. He joined the Halfords Group in the United Kingdom in 2003 where he was appointed as Chief Executive. In 2008, he moved to Australia as Managing Director of Coles Retail Group, which had 2,200 outlets and 100,000 employees.

In his leadership role at Coles, he oversaw fundamental improvements in product quality, value, operational efficiency, customer service and new store formats, as well as change in company culture. This resulted in Coles producing substantial increases in both turnover and profits, and significant market outperformance over a period of 60 consecutive quarters.

Following Coles, Ian spent two years introducing substantive change within Southeastern Grocers, an underperforming grocery chain in the United States, before joining the DFI Retail Group in late 2017. He attended the Harvard Business School Advanced Management Program in 1999 and was awarded an Honorary Doctorate in Scotland in 2010 for services to Business and Retail.

Choo Peng Chee

Chief Executive Officer – DFI Retail North Asia

Choo was appointed CEO DFI Retail North Asia in August 2021, covering all food retail operations (grocery retail and convenience stores) in Hong Kong, Macau, Chinese mainland, as well as the convenience format in Singapore. He is a director of the DFI Retail Group Management Services Board since 2013, a member of the Executive Board of the DFI Retail Group and a Board Member of Robinsons Retail Holdings, Inc. – an associate company of DFI Retail Group.

He joined the Group in 2000 and was the Chief Executive Officer of Cold Storage, Market Place and Shop N Save in Singapore from 2005 to 2009. He subsequently served as the Chief Executive Officer for Wellcome Hong Kong from 2010, and was appointed as the Regional Director, North Asia (Food) in 2013, and CEO – North Asia & Group Convenience in 2018.

Choo brings with him more than 35 years of retail experience to this role and has an MBA in Retailing from the University of Stirling, Scotland.

Chris Bush

Chief Executive Officer – DFI Retail Southeast Asia

Chris Bush was appointed CEO DFI Retail Southeast Asia in August 2021, leading both Food, as well as Health and Beauty businesses in the region.

Chris is a highly experienced senior retailer with an impressive track record in leadership roles in Tesco for over 30 years, including CEO and Managing Director roles in Malaysia, Thailand, Korea and the U.K. After a consultancy role for a major retailer in the United States, Chris joined the DFI Retail Group in 2018 to lead the transformation of the food business in Indonesia and was appointed CEO – Southeast Asia Food Business in 2019.

Chris has Business background and executive training from Manchester Business school in the United Kingdom and INSEAD in France.

Clem Constantine

Chief Financial Officer and Property Director

Clem took up the position of CFO and Property Director in August 2019, having joined the Group's leadership team in September 2018. He is a Chartered Accountant with extensive experience of senior finance and property roles in the retail sector. He has previously held finance, international and property directorships with Marks and Spencer, the Arcadia Group, Debenhams and the Burton Group in the United Kingdom.

Johnny Wong

Chief Executive Officer – DFI Digital

Johnny Wong was appointed CEO DFI Digital in August 2021.

Johnny leads key DFI's Digital Businesses (*yuu* HK and Singapore CART) and DFI's Group Technology. He drives digital and retail IT transformation across the group, online-to-offline (O2O), and online-only channels, including digital loyalty, multi-banner eCommerce, quick commerce, and group data analytics. Johnny brings with him extensive digital and transformation experience from roles spanning the US, Australia, South America, and Southeast Asia. He has previously held business and technology leadership roles at tech start-ups, Oracle, BCG, Google, Mercado Libre, Lazada, NTUC Enterprise, and Singapore's FairPrice Group.

Johnny has an MBA from Wharton, a Master's in Computer Science from Stanford, and a Bachelor's in Electrical Engineering and Computer Science from UC Berkeley.

Andrew Wong

Chief Executive Officer – Health and Beauty North Asia

Andrew was appointed CEO Health and Beauty North Asia in August 2021, responsible for the Mannings' business in Hong Kong, Macau and Chinese mainland.

Andrew's career spun from start-ups to the public sector and subsequently, to the business sector. For the past 16 years, he found his passion in the food and beverage industry and had the opportunity to gain deep insights into the broader Asian markets. He has been Group Chief Executive of Jardine Restaurant Group since 2018, overseeing the business strategy and operations across Asia. Prior to that, Andrew was SSP Group's Regional Managing Director for Asia Pacific, responsible for business development in the region. He also held various leadership roles at DFI and Pacific Coffee in the past.

Andrew is a Chairman of MINDSET, a registered charity in Hong Kong founded by the Jardine Matheson Group devoted to making a positive and sustainable difference in mental health.

Soren Lauridsen

Chief Executive Officer – Health and Beauty Southeast Asia

Soren was appointed CEO Health and Beauty Southeast Asia in April 2018 and holds several Board positions.

Prior to joining Guardian, Soren, has taken on many senior leadership roles and acted as chairman of various boards in the past decades across Southeast Asia, covering mainly Unilever and Carlsberg. Joining the Group in March 2017 from the AJE Group as the Regional Director of Asia and Managing Director of Thailand, he holds vast experiences across Southeast Asia and in-depth knowledge in fast moving consumer goods.

Martin Lindström

Chief Executive Officer – IKEA

Martin was appointed CEO IKEA in August 2021 responsible for the Group's IKEA operations in Taiwan, Hong Kong, Macau and Indonesia. He joined the Group in 2007 as General Manager of IKEA Taiwan and subsequently CEO of the Group's IKEA business in 2010 and Group Director, IKEA in 2013.

Martin has more than 20 years' experience in a variety of senior positions with the IKEA business in Europe, Eastern Europe and more than a decade in the Asia Pacific region.

Danni Peirce

Managing Director – Guardian Singapore

Danni was appointed Managing Director of Guardian Singapore in September 2022. Prior to this Danni was CEO of *yuu* rewards, having joined DFI Retail Group in 2018 as Commercial Director for North Asia Food & Group Convenience.

Danni started her career with Deloitte before moving into retail, joining Tesco in the UK in 2006. She subsequently joined Coles in Australia, where she held a number of commercial leadership positions. Following this, she moved to work for Southeastern Grocers in the United States.

Danni has a management degree from the University of Nottingham, UK and executive training from INSEAD, Singapore.

Marcus Spurrell

Chief Technology Officer

Marcus joined in October 2018 and is currently the Chief Technology Officer.

He has over 25 years management experience in the digital & technology field, with a focus on product development, e-commerce marketing/operations, data & analytics, loyalty and personalisation. Prior to joining DFI, he was Senior Vice President for Digital, Loyalty and Personalisation at Ahold Delhaize Group where he led a transformation of its loyalty programmes. He also held several Digital and e-commerce leadership roles for Adidas Group across Asia Pacific, USA, and Europe.

Marcus has a joint honours degree in Japanese and Economics from SOAS London University and has lived in Asia for over 16 years.

Charlie Wood

General Counsel, Head of Audit, QC Technical and HR Central Services

Charlie was appointed General Counsel, Head of Audit, QC Technical and HR Central Services in August 2021. He was initially recruited in September 1999 to set up a legal department for the Group in Hong Kong, and subsequently became responsible for the legal affairs of DFI in North Asia, and Group Counsel in 2007.

Charlie qualified as a solicitor in England and worked in private practice in London for three years before moving to Vietnam in 1995 to work for an international law firm.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December 2022

		2022			2021		
	Note	**Underlying business performance US$m**	**Non-trading items US$m**	**Total US$m**	Underlying business performance US$m restated*	Non-trading items US$m restated*	Total US$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		
	US$m	**Basic (loss)/ earnings per share US¢**	**Diluted (loss)/ earnings per share US¢**	US$m	Basic earnings per share US¢	Diluted earnings per share 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	2021	**2022**	2021	**2022**	2021	**2022**	2021
	US$m	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$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:

	Exercise price	**Options in millions**	
Expiry date	**US$**	**2022**	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.

INDEPENDENT AUDITORS' REPORT

To the members of DFI Retail Group Holdings Limited

Report on the audit of the Group financial statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph below, DFI Retail Group Holdings Limited's Group (the 'Group') financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's affairs as at 31st December 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Balance Sheet as at 31st December 2022; the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies ('the Principal Accounting Policies').

Certain required disclosures have been presented in the Corporate Governance section, rather than in the Notes to the financial statements. These disclosures are cross-referenced from the financial statements and are identified as audited.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for qualified opinion

Our opinion on the financial statements for the year ended 31st December 2021 was qualified as we were unable to obtain sufficient audit evidence over the Group's share of loss for the year of its associate, Yonghui Superstores Co., Ltd ('Yonghui'), and for the carrying amount of the Group's investment in Yonghui as at 31st December 2021. Accordingly, we were unable to determine whether any adjustments to these amounts were necessary. As part of our audit of the Group's 2022 financial statements, we have been able to obtain sufficient evidence over the Group's share of results included in the current year Profit and Loss Account. Nonetheless, our opinion for the year ended 31st December 2022 is qualified because of the possible effects of this matter on the comparability of the current year's figures with the corresponding figures in respect of the share of results of associates and joint ventures.

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's ('FRC's') Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Materiality

- Overall Group materiality: US$22.9 million *(2021: US$14.8 million)*
- Based on 0.25% of total revenue *(2021: Based on 5% of a three-year average of underlying profit before tax)*

Audit scope

- A full scope audit was performed on eight entities including six subsidiaries and two associates, Yonghui and Maxim's Caterers Limited ('Maxim's').
- These entities, together with procedures performed on central functions and at the Group level, accounted for 92% of the Group's revenue, 77% of the Group's loss before tax, and 70% of the Group's underlying profit before tax.

Key audit matters

- Carrying value of investment in Robinsons Retail Holdings, Inc. ('Robinsons Retail');
- Buying income; and
- IT environment

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other than the matter described in the basis for qualified opinion paragraph above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investment in Robinsons Retail Holdings, Inc. ('Robinsons Retail')	
Refer to note 41 (Critical Accounting Estimates and Judgements), note 14 (Associates and Joint Ventures) and note 9 (Non-trading Items) to the financial statements. As at 31st December 2022, the carrying value of the Group's investment in its associate, Robinsons Retail, was higher than its fair value based on its prevailing market share price. Management undertook an impairment assessment, as required by accounting standards, as there was an indicator of impairment identified. Based on management's assessment the recoverable amount was lower than the carrying value of the investment. An impairment charge of US$171 million was recognised as a non-trading item in the Consolidated Profit and Loss Account for the year.	We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining the assumptions to be applied. We have understood and reviewed what indicators of impairment had been identified and the appropriateness of the valuation model used. Due to the prolonged and current deficit to the share price valuation when compared against the Group's carrying value, we challenged management on the existence of an indicator of impairment. We performed the following procedures over management's subsequent impairment model. With the support of our valuation experts, we benchmarked and challenged key assumptions in management's valuation model used to determine the recoverable amount against market data. This included whether the assumptions of projected cash flows of the business, the discount rate, and the long-term growth rate were appropriate.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investment in Robinsons Retail Holdings, Inc. ('Robinsons Retail') continued There is inherent estimation uncertainty and judgement in determining the recoverable amount of the carrying value of the investment. Assumptions are made by management in preparing their value in use model, particularly management's view on key internal inputs and external market conditions which impact future cash flows, the discount rate and the long-term growth rate. We focussed on the carrying value of the Group's investment in Robinsons Retail due to the significant judgements and estimates involved to determine whether the carrying value of the investment was supportable.	We tested the discounted cash flow model used in the assessment, checked the accuracy of the calculations, compared historical budgeted performance with actual results and agreed the figures used with the management approved budgets to assess the reasonableness of the cash flows used in the model. Our challenge focussed particularly on the discount rate and long-term growth rate used. We compared the discount rate used with the range of typical discount rates used in similar businesses and considered whether management had incorporated all relevant macroeconomic and country-specific factors, as well as those specific to Robinsons Retail. For the growth rate we compared this with the range of growth rates used by similar businesses, considering whether management had considered macro-economic and country-specific factors specific to Robinsons Retail. We also tested management's historical estimation accuracy by comparing previous projected growth rates against the actual growth achieved. We evaluated the sensitivity analysis performed by management and performed our own independent sensitivity analysis on the key assumptions and considered a range of alternative outcomes to determine the sensitivity of the valuation model to changes in these assumptions. As the recoverable amount determined by management was lower than the carrying amount of the investment, we checked the calculation of the impairment charge recognised. Overall, we found that the assumptions made by management to determine the discount rate, long-term growth rate and the cash flows used in the valuation model were reasonable, and that the impairment charge had been accurately calculated. We assessed the adequacy of the disclosures related to the carrying value of investments in associates and joint ventures in the context of IFRS disclosure requirements, including those relating to sensitivities, and agreed disclosures in the financial statements to the model tested and the assumptions applied in the model. Overall, we are satisfied that appropriate disclosure has been made.

Key audit matter	How our audit addressed the key audit matter
Buying income	
Refer to note 38 (Principal Accounting Policies) and note 41 (Critical Accounting Estimates and Judgements) to the financial statements. The Group has arrangements with suppliers whereby volume-based discounts and incentives, promotional and marketing incentives and various other rebates and discounts are earned in connection with the purchase of goods for resale from those suppliers. As such, the Group recognises a net deduction from cost of sales as a result of amounts receivable from suppliers. The individual supplier arrangements in place across the Group vary in nature. The majority of buying income is driven by volume-based measures or event-driven schemes, with the remainder being ad hoc and promotional buying income. Buying income is material to the financial statements and given the types of buying income arrangements, as well as various performance criteria which differ by supplier, we identified buying income as a key audit matter. The level of judgement in each category of buying income is detailed below: ***Volume-based income*** Volume-based rebates are generally driven by achieving purchase volume targets set with individual suppliers for specific products over a pre-set period of time. In instances where the rebate agreement does not fully coincide with the period-end, the key judgement that we focussed on was the estimate of expected purchase volumes in the period covered by the rebate agreement. ***Ad hoc and promotional income*** The remainder of the Group's buying income is associated with ad hoc and promotional income. The nature of this income and the manner in which it is recognised varies depending on the nature of the agreement with the individual supplier. The income is earned as the relevant performance criteria are met. Due to the significant number of transactions and individual agreements, and the potential for manual calculations, we focussed our effort on assessing the appropriateness of amounts recognised. Our focus was on the underlying agreements associated with the income earned, and assessing whether the income recorded was in accordance with those agreements.	We gained an understanding of, and evaluated, the key controls in place within the buying income process and tested those controls in certain components of the business. We performed a detailed analytical review of buying income by type and location to identify whether any unusual trends were present. On a sample basis: • we traced supplier deductions or payments recognised in the income statement to cash receipts or supplier contracts; • we selected amounts recognised in debtors and creditors and agreed the amounts to supporting documentation. Where buying income amounts were offset against outstanding amounts payable to suppliers we assessed whether there was a right to offset, based on the contractual terms with suppliers; • we assessed whether the performance criteria of the items selected had been met and where buying income amounts were estimated, that there was appropriate supporting evidence in determining those estimates; • we assessed the appropriateness of journal entries and adjustments associated with buying income by tracing them to supporting documentation; and • we assessed supplier dispute logs to determine whether material disputes or disagreements with suppliers existed. Where significant disputes or disagreements existed, we understood the nature of these disputes through discussions with management and obtained evidence to assess whether the amounts recognised by management were reasonable. Overall, we found the amounts recognised in the financial statements in respect of buying income to be supportable, based on available evidence. We assessed the adequacy of the disclosures related to the buying income in the context of IFRS disclosure requirements and consider the disclosures to be appropriate.

Key audit matter	How our audit addressed the key audit matter
IT environment	
The Group is heavily reliant on its IT infrastructure and systems for the daily operations of its business. We focussed on IT systems as the systems across the Group are complex and there are varying levels of standardisation and integration between new and legacy IT systems. The systems are vital to the ongoing operations of the business and to the integrity of the financial reporting process.	We updated our understanding of the IT environment, including cybersecurity risk, through discussions with management and carrying out work to understand the relevant IT systems which were integral to the Group's controls over financial reporting. These procedures allowed us to determine which IT systems, processes and controls to rely upon. We tested key controls over user access to programs and data; program development; program changes made to IT systems; and IT operations. The key automated controls operating within IT systems that we relied on were also tested. Where we identified deficiencies which affected IT systems or controls on which we planned to place reliance, we tested mitigating controls or extended the scope of our substantive audit procedures.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which it operates.

The Group's accounting processes are structured around finance functions, which are responsible for their own accounting records and controls, which in turn, report financial information to the Group's finance function in Hong Kong to enable it to prepare consolidated financial statements.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by members of the Group engagement team or by component auditors from member firms within the PwC Network and other auditors operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement necessary for us to have in the audit work at those components to be able to conclude whether sufficient, appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. The Group engagement team was involved in the significant reporting entities in scope for Group reporting during the audit cycle through a combination of meetings, visits and conference calls. The Group audit partner and other senior team members undertook two visits to Hong Kong during the audit and were involved throughout the year through regular conference calls and other forms of communication to direct and oversee the audit. The Group audit partner also visited Singapore and Indonesia during the year to oversee and review the work of the component teams there, along with regular communications through conference calls and remote review of the work of component teams.

A full scope audit was performed on eight entities including six subsidiaries and two associates, Yonghui and Maxim's. These entities, together with procedures performed on central functions and at the Group level (on the consolidation and other areas of significant judgement), accounted for 92% of the Group's revenue, 77% of the Group's loss before tax, and 70% of the Group's underlying profit before tax. This gave us the evidence we needed for our opinion on the financial statements as a whole.

The impact of climate risk on our audit

In planning and executing our audit, we have considered the potential impact of climate change on the Group's business and its financial statements. We also considered the Group's governance framework and preliminary risk assessment process as outlined in the Task Force on Climate-related Financial Disclosures ('TCFD') section within this Annual Report.

The Group has developed a plan to identify and access its exposures to climate-related risks and opportunities. The Group also set out its commitments to decarbonise its portfolio of assets, becoming 'net-zero' by 2050 for scope 1 and scope 2 emissions. Further information is provided in the Group's TCFD section of this Annual Report. Whilst the Group is committed to net zero carbon emissions by 2050, management continues to refine their plans to achieve this.

Climate change could have a significant impact on the Group's financial business as the operations and strategy of the Group are adapted to address the potential financial and non-financial risks which could arise from both the physical and transitional risks associated with climate change. Management has evaluated these as disclosed in the TCFD section of this Annual Report.

We considered the consistency of the disclosures in relation to climate change (including the TCFD section) within the Annual Report with the financial statements and our knowledge obtained from our audit. This included reading and challenging the disclosures given in the narrative reporting within the other information to the impact disclosed within the financial statements.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the year ended 31st December 2022.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	US$22.9 million *(2021: US$14.8 million)*
How we determined it	Based on 0.25% of total revenue *(2021: 5% of a three-year average of underlying profit before tax)*
Rationale for benchmark applied	Total revenue is a primary measure used by the shareholders in assessing the performance of the Group when underlying profit before tax is close to breakeven

We set an overall Group materiality level of US$22.9 million *(2021: US$14.8 million)*. This was based upon 0.25% of the total revenue *(2021: Based on 5% of the Group's consolidated three-year average underlying profit before tax for the years ended 31st December 2019, 31st December 2020 and 31st December 2021)*. In arriving at this judgement we had regard to the fact that total revenue is an important financial indicator of the Group.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of overall materiality allocated across components was US$1.5 million to US$21.0 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% *(2021: 75%)* of overall materiality, amounting to US$17.1 million *(2021: US$11.1 million)* for the Group financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US$1.1 million *(2021: US$740,000)*, other than classifications within the Consolidated Profit and Loss Account or Consolidated Balance Sheet, which were only reported above US$4.7 million *(2021: US$6.3 million)*. We also report misstatements below this amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the inherent risks to the Group's business models and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period;
- Assessing management's base case and severe but plausible downside scenario models supporting the Board's going concern assessment, evaluating the process by which the assessments have been drawn up, ensuring that the calculations in the model were mathematically accurate and that the overall methodology used was appropriate;
- Considering sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible, but not unrealistic, adverse effects that could arise from potential adverse trading conditions and impact the Group's liquidity position over the going concern period;
- Evaluating the committed financing facilities currently available to the Group and ensuring that the models appropriately included all contractual debt repayments and committed capital expenditures;
- Agreeing to debt agreements and associated amendments secured, the covenants attached to each facility and considering the Group's forecast compliance at the measurement dates included in the going concern assessment period;
- Agreeing the cash on hand and available facilities included in the going concern assessment to our year end audit work.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

As not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Responsibility Statements and the Corporate Governance section, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to, the Companies Act 1981 (Bermuda), the Listing Rules, tax regulations, employment regulations, health and safety regulation and regulations applicable to significant reporting component teams, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 1981 (Bermuda).

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates and judgements. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and the industries in which its businesses operate, and considering the risk of any acts by the Group which may be contrary to applicable laws and regulations, including fraud;
- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Understanding the results of whistleblowing procedures and related investigations. We focussed on known and suspected instances of non-compliance with laws and regulations that could give rise to a material misstatement in the Group and Company financial statements, including, but not limited to, the Companies Act 1981 (Bermuda), the Listing Rules, tax legislation, employment regulations, health and safety regulation and equivalent local laws and regulations applicable to significant reporting component teams;
- Review of reporting component auditors' work, including any matters reported by component auditors relating to non-compliance with laws and regulations or fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In particular, in relation to the impairment assessments related to the carrying value of investments in associates and joint ventures, the impairment assessments related to the carrying value of intangible assets, tangible assets and right-of-use assets, and recognition of buying income (see related key audit matters above);
- We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals, and evaluated whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

Partner responsible for the audit

The engagement partner on the audit resulting in this independent auditors' report is John Waters.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

PricewaterhouseCoopers LLP
Chartered Accountants
London
2nd March 2023

FIVE YEAR SUMMARY

	2022 **US$m**	2021 US$m	2020 US$m	2019 US$m	2018 US$m
Profit and Loss *					
Revenue †	**9,174.2**	9,188.2	10,443.4	11,385.1	11,941.2
(Loss)/profit attributable to shareholders	**(114.6)**	102.9	271.0	323.8	84.8
Underlying profit attributable to shareholders	**28.8**	104.6	275.7	320.9	358.2
Underlying earnings per share *(US¢)*	**2.14**	7.73	20.38	23.72	26.48
Basic (loss)/earnings per share *(US¢)*	**(8.51)**	7.61	20.03	23.93	6.27
Dividends per share *(US¢)*	**3.00**	9.50	16.50	21.00	21.00
Balance Sheet *					
Total assets	**7,326.3**	7,604.8	7,900.5	8,369.9	8,533.0
Total liabilities	**(6,384.9)**	(6,337.6)	(6,564.6)	(7,130.4)	(7,371.1)
Net operating assets	**941.4**	1,267.2	1,335.9	1,239.5	1,161.9
Shareholders' funds	**947.1**	1,267.2	1,322.3	1,209.2	1,126.4
Non-controlling interests	**(5.7)**	–	13.6	30.3	35.5
Total equity	**941.4**	1,267.2	1,335.9	1,239.5	1,161.9
Net debt	**(865.5)**	(843.9)	(816.7)	(820.8)	(744.0)
Net asset value per share *(US¢)*	**69.98**	93.67	97.75	89.39	83.27
Cash Flow *					
Cash flows from operating activities	**939.8**	942.3	1,067.2	1,288.1	1,458.1
Cash flows from investing activities	**(201.0)**	(124.7)	(86.4)	(283.0)	(500.9)
Cash flows before financing activities	**738.8**	817.6	980.8	1,005.1	957.2
Cash flow per share from operating activities *(US¢)*	**69.45**	69.65	78.89	95.22	107.80

* Figures in 2018 have been restated due to the change in accounting policy upon adoption of IFRS 16 'Leases'.

† Figures in 2018 to 2021 have been restated to include revenue from other sources.

RESPONSIBILITY STATEMENTS

The Directors of the Company confirm to the best of their knowledge that:

a. the consolidated financial statements prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit and losses of the Group; and

b. the Chairman's Statement, Group Chief Executive's Review, Business Review, Financial Review and the Principal Risks and Uncertainties of this Annual Report, which constitute the management report required by the Disclosure Guidance and Transparency Rule 4.1.8, include a fair review of all information required to be disclosed under Rules 4.1.8 to 4.1.11 of the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Ian McLeod
Clem Constantine
Directors

2nd March 2023

CORPORATE GOVERNANCE

Overview of the Group's Governance Approach

DFI Retail Group (DFI Retail Group Holdings Limited (the 'Company') and its subsidiaries together known as 'DFI Retail Group' or the 'Group') understands the value of good corporate governance in driving the long-term sustainable success of business and attaches importance to the corporate stability that strong governance brings, as well as the opportunities that result from it being part of the Jardine Matheson Holdings Limited ('Jardine Matheson') group.

The Group is committed to high standards of governance. The system of governance it has adopted has been developed, over many years, by the members of the Jardine Matheson group, and both the Group and its stakeholders regard as appropriate to the nature of its business and the long-term strategy it pursues in its markets, primarily China and Southeast Asia. The Group's governance framework is tailored to its size, ownership structure, complexity and breadth of businesses. It enables the Company to benefit from Jardine Matheson's strategic guidance and professional expertise while at the same time ensuring that the independence of the Board is respected and clear operational accountability rests with the Company's executive management teams.

The Company also ensures that the Group retains and promotes those characteristics and values of a family-owned business that have enabled the Group to prosper over the long-term:

- **A long-term perspective** – the Group takes a long-term view in its decision-making and investments and draws on the many years' experience of our Directors, as opposed to focussing on short-term profitability. This leads to long-term growth for our shareholders and the communities where we operate.

- **Credibility and trust** – the credibility and trust that family ownership brings to the business are highly valued by our partners and other stakeholders, especially in developing markets.

- **Deep knowledge of the business and our markets** – the involvement of many generations of the family in the running of the Group has led to a deep understanding of how to drive successful growth by the business across its markets, giving the Group a competitive advantage.

The Group believes that its stakeholders gain significant value from the historical governance approach the Group has taken as a family-owned business and that it is therefore important to retain the key elements of this approach. It is also important, without losing these benefits, to adapt to changing circumstances in our markets and, where appropriate, to the developing expectations of stakeholders and changes in best practice and the approach taken by our peers.

Accordingly, the Company continues to focus on enhancing the Group's approach to corporate governance more generally, focussing on changes which benefit the Group. The Company has focussed in years 2021 and 2022 on changing the Group's approach to corporate governance more generally and has led a series of changes to the governance of the Group, including the composition of the Company's Board. These changes, which were made to the Board in November 2021, have increased the diversity and brought greater sector expertise to the Board through the appointment of new Independent Non-Executive Directors. The size of the Board has also generally reduced as a result of the retirement of a number of Directors. In addition, the Company has established formal Audit, Remuneration and Nominations Committees at the listed company level.

Independent Non-Executive Directors with a broad and diverse range of backgrounds are a valuable source of external perspectives and are a key element of good governance and decision-making. The Company and the Group can benefit from the expertise and experience they bring, and the Company is taking steps to increase the independence and diversity of its Board.

Having an effective corporate governance framework supports the Board in delivering the Group's strategy and supports long-term sustainable growth, and ensuring it operates transparently and in accordance with the best practice.

Group Structure

Jardine Matheson is the ultimate holding company of the Group. The structural relationship between the Jardine Matheson group and the Group is considered a key element of the Group's success. By coordinating objectives, establishing common values and standards, and sharing experience, contacts and business relationships, the Jardine Matheson group companies, including the Group, aim to optimise their opportunities across the Asian countries in which they operate.

To better reflect the future business plans and development of DFI Retail Group and provide the Company with a more relevant and distinctive corporate identity that would benefit its future business development, the Company's name had been changed from 'Dairy Farm International Holdings Limited' to 'DFI Retail Group Holdings Limited' on 5th May 2022.

Governance and Legal Framework

The Company is incorporated in Bermuda. The retailing business interests of DFI Retail Group are entirely in Asia. The primary listing of the Company's equity shares is a standard listing on the Main Market of the London Stock Exchange (the 'LSE'). The Company also has secondary listings in Singapore and Bermuda. As the Company has only secondary listings on these exchanges, many of the listing rules of such exchanges are not applicable. Instead, the Company must release the same information in Singapore and Bermuda as it is required to release under the rules which apply to it as a standard-listed company on the LSE.

As a company incorporated in Bermuda, the Company is governed by:

- The Bermuda Companies Act 1981 (the 'Companies Act');
- The Bermuda Dairy Farm International Holdings Limited Consolidation and Amendment Act 1988 (as amended), pursuant to which the Company was incorporated and the Bermuda Dairy Farm International Holdings Limited Regulations 1993 (as amended) were implemented; and
- The Company's Memorandum of Association and Bye-laws.

The shareholders can amend the Company's Bye-laws by way of a special resolution at a general meeting of the Company.

The Company's standard listing on the LSE means that it is bound by many of the same rules as premium-listed companies under the UK Listing Rules, the Disclosure Guidance and Transparency Rules (the 'DTRs') issued by the Financial Conduct Authority in the United Kingdom (the 'FCA'), the UK Market Abuse Regulation (the 'MAR') and the Prospectus Regulation Rules, including in relation to continuous disclosure, periodic financial reporting, disclosure of interests in shares, market abuse and the publication and content of prospectuses in connection with admission to trading or the offering of securities to the public. In addition, the Company is subject to regulatory oversight from the FCA, as the Company's principal securities regulator, and is required to comply with the Admission and Disclosure Standards of the Main Market of the LSE. The Company and its Directors are also subject to legislation and regulations in Singapore relating, among other things, to insider dealing.

Governance and Legal Framework continued

Some of the rules applicable to premium-listed companies do not apply to the Company. When the shareholders approved the Company's move to a standard listing from a premium listing in 2014, however, the Company stated that it intended to maintain certain governance principles as were then applicable to the Company's premium listing. As a result, the Company adopted several governance principles (the 'Governance Principles') which were then-applicable requirements for a premium listing, which go further than the standard listing requirements.

The key elements of the Governance Principles are as follows:

- When assessing a significant transaction (a larger transaction which would be classified as a class 1 transaction under the provisions of the UK Listing Rules), the Company will engage an independent financial adviser to provide a fairness opinion on the terms of the transaction.

- If the Company carries out a related party transaction which would require a sponsor to provide a fair and reasonable opinion under the provisions of the UK Listing Rules, it will engage an independent financial adviser to confirm that the terms of the transaction are fair and reasonable as far as the shareholders of the Company are concerned. In addition, the Company shall observe the mandatory related party transaction rules under the DTRs, including assessment, approval and disclosure requirements for material related party transactions, that apply to UK standard-listed companies.

- Further, as soon as the terms of a significant transaction or a related party transaction are agreed, an announcement will be issued by the Company, providing such details of the transaction as are necessary for investors to evaluate the effect of the transaction on the Company.

- At each annual general meeting ('AGM'), the Company will seek shareholders' approval to issue new shares on a non-pre-emptive basis for up to 33% of the Company's issued share capital, of which up to 5% can be issued for cash consideration.

- The Company adheres to a set of Securities Dealing Rules which follow the provisions of MAR with respect to market abuse and disclosure of interests in shares.

The Company is not required to comply with the UK Corporate Governance Code (the 'Code'), which applies to all premium-listed companies and sets out the governance principles and provisions expected to be followed by companies subject to the Code. However, the Company does have regard to the Code in developing and implementing its approach to corporate governance and disclosure.

The Management of the Group

The Board

The Board is responsible for ensuring that the Group is appropriately managed and achieves the strategic objectives it sets, in a way that is supported by the right culture, values and behaviours throughout the Group.

The Directors have the full power to manage the Company's business affairs, except matters reserved to be exercised by the Company in a general meeting under Bermuda legislation or the Company's Bye-laws. Key matters for which the Directors are responsible include:

- Responsibility for the overall strategic aims and objectives of the Group;
- Establishing the Company's purpose and values;
- Approval of the Group's strategy and risk appetite to align with the Group's purpose and values;
- Approval and oversight of the Group policy framework and approval of appropriate Group policies;
- Approval of the Annual Budget and monitoring of performance against it;
- Oversight of the Group's operations;
- Approval of significant changes to Group's corporate or capital structure;
- Approval of major capital expenditure and significant transactions in terms of size or reputational impact;
- Approval of interim and annual financial statements upon recommendation from the Audit Committee, as well as interim management statements;
- Approval of the Annual Report and Accounts;
- Approval of dividend policy and the amount and form of interim and final dividend payments for approval by shareholders as required;
- Any significant changes to the Company's accounting policies or practices upon recommendation from the Audit Committee;
- Appointment, re-appointment or removal of the external auditor, subject to shareholders' approval, upon recommendation from the Audit Committee;
- Approval of matters relating to AGM resolutions and shareholder documentation;
- Approval of all shareholder circulars, prospectuses and listing particulars issued by the Company; and
- Approval of material public announcements concerning matters decided by the Board.

Responsibility for certain matters, including the approval of borrowing facilities and of capital expenditure (other than major capital expenditure which is required to be approved by the Board), has been delegated to the finance committee established within the Hong Kong-based Group management company, DFI Retail Group Management Services Limited ('DFIRGMS'), with specific written terms of reference outlining its role and authorities.

The Company sees the value of regularly reviewing the effectiveness of its processes and making improvements where appropriate.

Board Composition and Operational Management

The Board's composition and how it operates provide stability, allowing the Company to take a long-term view as it seeks to grow its businesses and pursue investment opportunities.

The Chairman has been appointed in accordance with the provisions of the Bye-laws of the Company, which provide that the chairman of Jardine Matheson, or any Director nominated by him, shall be the Chairman of the Company.

The Company has a dedicated executive management team led by the Group Chief Executive. The Memorandum of Association of the Company, however, provides for the chairman of Jardine Matheson to be, or to appoint, the Managing Director of the Company. Reflecting this, and the Jardine Matheson group's 78% interest in the Company's share capital, the Group Chief Executive and the Managing Director meet regularly. Similarly, the board of DFIRGMS and its finance committee are chaired by the Managing Director and include DFI Retail Group executives as well as Jardine Matheson's deputy managing director, group finance director and group general counsel.

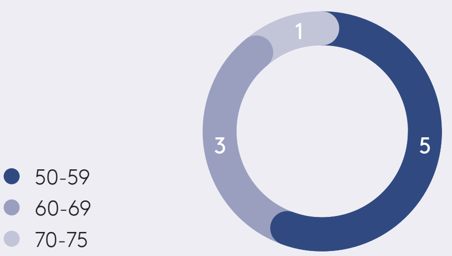
Board Composition and Operational Management continued

The presence of Jardine Matheson representatives on the Board and Audit Committee of the Company, as well as on the board and finance committee of DFIRGMS, provides an added element of stability to the Company's financial planning and supervision, enhancing its ability to raise finance and take a long-term view of business development. In addition, the presence of Jardine Matheson representatives on the Company's Board, Audit, Nominations and Remuneration Committees, as well as DFIRGMS' finance committee, also strengthens the ability of management to work effectively together in exploiting the full range of the Jardine Matheson group's commercial strengths.

As at 2nd March 2023, the Company comprises nine Directors, three of whom (33%) – Dave Cheesewright, Weiwei Chen and Christian Nothhaft – are Independent Non-Executive Directors as defined by the Code. A Non-Executive Director – Anthony Nightingale – does not have any executive responsibilities, nor has he been an employee of the Company or the Group within the past five years. He is sufficiently distanced from the day-to-day operations of the Company for the Company to take the view that he is an Independent Non-Executive Director, even though he has served on the Board for over nine years, bring the number of Independent Non-Executive Directors to four (44%). The names of all the Directors and brief biographies appear on pages 51 and 52 of this Annual Report.

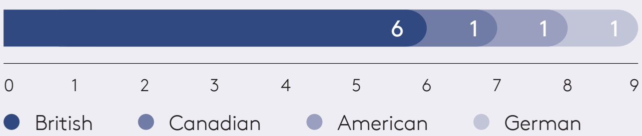
Ben Keswick has been Chairman of the Board since 16th May 2013. John Witt has held the role of Managing Director from 15th June 2020. Ian McLeod has been Group Chief Executive since 18th September 2017. Ben Keswick previously held the roles of Chairman and Managing Director combined from 16th May 2013 until the separation of these roles from 15th June 2020. The Board considers that there is a clear division of responsibilities among the Chairman, the Managing Director and the Group Chief Executive in order to ensure an appropriate balance of power and authority is maintained at all times.

Age of Directors

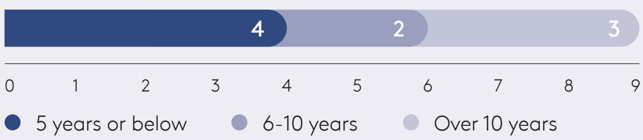


Capacity of Directors

Nationality of Directors



Tenure of Directors



Directors' Experience

Chairman

The Chairman's role is to lead the Board, ensuring its effectiveness while taking account of the interests of the Group's various stakeholders and promoting high standards of corporate governance. The Chairman's principal responsibilities are in the areas of strategy, external relationships, governance and people. In addition, he leads the Board in overseeing the long-term strategic direction of the Group and approving its key business priorities. His key responsibilities also include:

- Leading, with the Managing Director and the Group Chief Executive, the development of the culture and values of the Group;
- Supporting the development and maintenance of relationships with existing and new key business partners, governments and shareholders;
- Ensuring (together with the Managing Director and the Group Chief Executive) an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions;
- Creating a culture of openness and transparency at Board meetings;
- Leading, with the Managing Director, the succession planning for the Group Chief Executive;
- Building an effective Board supported by a strong governance framework;
- Ensuring all Directors effectively contribute to discussions and feel comfortable in engaging in healthy debate and constructive challenge;
- Ensuring all Directors receive accurate, timely and clear information; and
- Promoting effective communication between Executive and Non-Executive Directors (including the Independent Non-Executive Directors).

Managing Director

The Managing Director acts as chairman of DFIRGMS and of its finance committee and is a member of the Company's Nominations and Remuneration Committees. In addition, he has responsibility for representing Jardine Matheson, as the major shareholder of the Company, including:

- Providing oversight of the day to-day management by the Group Chief Executive and his leadership team of the business;
- Carrying out ongoing reviews of the business, financial and operational performance of each business against agreed objectives;
- Providing regular feedback to the Group Chief Executive on his/her performance and conducting an annual performance review;
- Leading the Group Chief Executive succession planning;
- Ensuring that there is appropriate discussion of future competencies required of the management team to execute the strategy;
- Ensuring that the information submitted to the Board is of high quality and provided on a timely basis;
- Ensuring the Board conducts reviews on past significant capex decisions; and
- Communicating with shareholders as appropriate.

Group Chief Executive

The responsibility for running the Group's business and all the executive matters affecting the Group rests with the Group Chief Executive. The implementation of the Group's strategy is delegated to the Company's executive management, with decision-making authority within designated financial parameters delegated to the DFIRGMS finance committee. The Group Chief Executive has day-to-day operational responsibility for:

- The effective management of the Group's businesses;
- Leading the development of the Company's strategic direction and implementing the agreed strategy;
- Identifying and executing new business opportunities;
- Managing the Group's risk profile and implementing and maintaining an effective framework of internal controls;
- Developing targets and goals for his executive team;
- Ensuring effective communication with shareholders and key stakeholders and regularly updating institutional investors on the business strategy and performance;
- Providing regular operational updates to the Board on all matters of significance relating to the Group's business or reputation;
- Overseeing the Group's capital allocation, business planning and performance;
- Ensuring (together with the Chairman and the Managing Director) an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions; and
- Fostering innovation and entrepreneurialism to drive the Group's businesses forward.

Non-Executive Directors

The Non-Executive Directors bring insight and relevant experience to the Board. They have responsibility for constructively challenging the strategies proposed by the Executive Directors, scrutinising the performance of management in achieving agreed goals and objectives. In addition, Non-Executive Directors work on individual initiatives as appropriate.

Board Meetings

The Board usually holds four scheduled meetings each year, and ad hoc procedures are adopted to deal with urgent matters between scheduled meetings. Board meetings are usually held in different locations around the Group's markets.

In March 2022, as border restrictions began to ease, a hybrid Board meeting was held in Singapore. The May 2022 Board meeting was held virtually. In-person Board meetings were held in Singapore in July 2022 and in Bangkok in December 2022. The Board receives high quality, up to date information for each of its meetings, which is provided to Directors via a secure online board information portal. The Company reviews the information provided to the Board regularly, to ensure that it remains relevant to the needs of the Board in carrying out its duties.

The Company's Directors who do not serve on the board of DFIRGMS and who are based outside Asia will usually visit the region and Bermuda to discuss the Group's businesses, as well as to participate in the four strategic reviews that precede the regular Board meetings. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge of the Group's affairs, as well as their experience of the wider Jardine Matheson group, provide significant value to the ongoing review by the Company of the Group's businesses and reinforces the Board oversight process.

Board Attendance

Directors are expected to attend all Board meetings. The table below shows the attendance at the scheduled 2022 Board meetings:

	Meetings eligible to attend	Attendance
Directors		
Non-Executive Directors		
Ben Keswick	4/4	100%
Dave Cheesewright	4/4	100%
Weiwei Chen	4/4	100%
Adam Keswick	4/4	100%
Anthony Nightingale	4/4	100%
Christian Nothhaft	4/4	100%
Executive Directors		
John Witt	4/4	100%
Ian McLeod	4/4	100%
Clem Constantine	4/4	100%

Appointment and Retirement of Directors

The Board appoints each new Director, and the Nominations Committee has been established to assist the Board in such matters. In accordance with the Company's Bye-laws, each new Director is subject to retirement and re-election at the first AGM after the appointment. After that, Directors are subject to retirement by rotation requirements under the Bye-laws, whereby one-third of the Directors retire at the AGM each year. These provisions apply to both Executive and Non-Executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Managing Director of the Company. John Witt, being the Managing Director, has a service contract with the Company that has a notice period of six months.

In accordance with Bye-law 85, Clem Constantine and Adam Keswick will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election. Clem Constantine has a service contract with a subsidiary of the Company with a notice period of six months. None of the other Director proposed for re-election has a service contract with the Company or its subsidiaries.

Directors need to obtain the Chairman's approval before accepting additional appointments that might affect their time to devote to the role as a Director of the Company.

Company Secretary

All Directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters.

Committees

The Board is supported by the activities of its Committees (the Nominations, Remuneration and Audit Committees), which ensure the right level of attention and consideration are given to specific matters. Matters considered by each of the Committees are set out in their respective terms of reference. Copies of these documents can be obtained from the Company's website at www.DFIretailgroup.com.

Nominations Committee

The Board established a Nominations Committee (the 'Nominations Committee') in March 2021. The key responsibilities of the Nominations Committee are to:

- Review the structure, size and composition of the Board and its committees and make recommendations to the Board on any appointments to maintain a right balance of skills, knowledge and experience and independence, as well as a diversity of perspectives;
- Support the Chairman to lead the process for Board appointments and nominate suitable candidates to the Board;
- Assess suitable candidates based on merit and objective criteria (giving consideration to the promotion of the diversity of social and ethnic backgrounds, knowledge, experience and skills), taking into account their ability to meet the required time commitments;
- Oversee the development of succession pipelines for both the Board and senior management positions to ensure talent is identified and nurtured to meet the challenges and opportunities facing the Group; and
- Satisfy itself that any skill gaps are addressed in the reviews of Board composition and that appropriate development opportunities are in place for Directors to keep abreast of market knowledge and industry trends to perform their role effectively.

The Nominations Committee consists of a minimum of three members, selected by the Chairman of the Board. The Chairman of the Board is the chairman of the Nominations Committee. The current members of the Nominations Committee are Ben Keswick, Adam Keswick and John Witt. The Nominations Committee meets as circumstances require, or by the circulation of Committee circulars and recommendations to the Board for approval as it deems appropriate. It plays a key role in the process of recruiting senior executives. Candidates for appointment as Executive Directors of the Company or other senior management positions may be sourced internally or externally, including by using the services of specialist executive search or recruitment firms. The aim is to appoint individuals who combine international business knowledge and experience, industry knowledge and experience if possible, and familiarity with, or adaptability to, Asian markets. When appointing Non-Executive Directors, the Committee pays particular attention to the Asian business experience and relationships that they can bring.

Insurance and Indemnification

The Company purchases insurance to cover its Directors against their costs in defending themselves in civil proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. To the extent permitted by applicable law, every Director shall be indemnified and secured harmless out of the assets of the Company against all liability and loss suffered and expenses reasonably incurred. However, neither insurance nor indemnity arrangements provide cover where the Director has acted fraudulently or dishonestly.

Delegations of Authority

The Group has an organisational structure with defined lines of responsibility and delegation of authority in place. There are established policies and procedures for financial planning and budgeting, information and reporting systems, assessment of risk, and monitoring of the Group's operations and performance. The information systems in place are designed to ensure that the financial information reported is reliable and up to date.

The Group's 50% associate, Maxim's Caterers Limited ('MCL'), has a separate board, audit committee, risk management and internal audit structure. The Group is represented on the board of MCL, at which reviews of strategy, operations, budgets and significant investments are undertaken. The MCL board has delegated to the MCL group's audit and risk management committees and its audit department responsible for reviewing major risk areas and the effectiveness of the internal control procedures.

Directors' Responsibilities in respect of the Financial Statements

Under the Companies Act, the Directors are required to prepare financial statements for each financial year and present them annually to the Company's shareholders at the AGM. The financial statements are required to present fairly, in accordance with the International Financial Reporting Standards ('IFRS'), the financial position of the Group at the end of the year, and the results of its operations and its cash flows for the year then ended. The Directors consider that applicable accounting policies under IFRS, applied consistently and supported by prudent and reasonable judgements and estimates, have been followed in preparing the financial statements. The financial statements have been prepared on a going concern basis.

Substantial Shareholders

As classified as a non-UK issuer, the Company is subject to the provisions of the DTRs, which require that a person must, in certain circumstances, notify the Company of the percentage of voting rights attaching to the share capital of the Company that person holds. The obligation to notify arises if that person acquires or disposes of shares in the Company and that results in the percentage of voting rights which the person holds reaching, exceeding, or falling below, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

The Company has been informed of the holding of voting rights of 5% or more attaching to the Company's issued ordinary share capital by Jardine Strategic Limited ('Jardine Strategic'), which is directly interested in 1,049,589,171 ordinary shares carrying 77.54% of the voting rights. By virtue of its interest in Jardine Strategic, Jardine Matheson is also interested in the same ordinary shares. Apart from this shareholding, the Company is not aware of any holders of voting rights of 5% or more attaching to the Company's issued ordinary share capital as of 2nd March 2023.

There were no contracts of significance with substantial corporate shareholders during the year under review.

Related Party Transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in note 34 to the financial statements on pages 103 and 104.

Engagement with Shareholders and Stakeholders

The Group regularly engages with its shareholders and other stakeholders. For the full year 2022, the Group have held two results briefings and 20 analyst and institutional shareholder meetings to provide an opportunity for questions to be asked of senior management, discuss concerns and hear feedback where improvements could be made.

The Group has also engaged with several Sustainability Non-Governmental Organisations and government agencies to listen, learn and understand how we can improve. The engagements provide an opportunity for us to explore and discuss key social, environmental and economic issues facing society and where our businesses operate. These engagements occur across all stages of the project cycle, and provide an important touch point to sense-check the issues that matter most to society and help us better understand evolving expectations. The meetings with shareholders and stakeholders are attended by senior management, who are ultimately responsible.

Securities Purchase Arrangements

The Directors have the power under the Companies Act and the Company's Memorandum of Association to purchase the Company's shares. Any shares so purchased shall be treated as cancelled and, therefore, reduce the Company's issued share capital. When the Board reviews the possibility of share repurchases, it will consider the potential for enhancing earnings or asset values per share. When purchasing such shares, the Company is subject to the provisions of MAR.

Workforce Engagement

The Group is working hard to support the growth of the next generation of leaders within our businesses, ensuring our colleagues can develop the skills they need.

We also aim to create an owner mindset among our staff and support this by enhancing our incentive structures to focus less on current profits and more on value creation over a longer time horizon. This longer-term view also incentivises experimentation and innovation.

The Group also conducts an annual Your Voice Counts survey. In 2022, over 91% of total population took part in the survey sharing feedback. Follow-up actions include listening sessions ensuring engagement strategies are focussed and effective.

Annual General Meeting

The 2023 AGM will be held on 4th May 2023. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of AGM, despatched at the same time with this Annual Report.

Corporate Website

A corporate website is maintained containing a wide range of information of interest to investors at www.DFIretailgroup.com.

Group Policies

Code of Conduct

The Group conducts business in a professional, ethical and even-handed manner. Its ethical standards are set out in its Code of Conduct, a set of guidelines to which every employee must adhere. It is reinforced and monitored by an annual compliance certification process and modelled on the Jardine Matheson group's code of conduct. The Code of Conduct requires that all Group companies comply with all laws of general application, all rules and regulations that are industry-specific and proper standards of business conduct. The Code of Conduct prohibits the giving or receiving of illicit payments. It requires that all Directors and employees must be fully aware of their obligations under the Code of Conduct and establish procedures to ensure compliance at all levels within their businesses.

The Company's policy on commercial conduct underpins the Group's internal control process, particularly in the area of compliance. The policy is set out in the Group's Code of Conduct.

Data Privacy

The Group is committed to being a responsible custodian of the data entrusted to it by customers, employees, business partners and other stakeholders keeping the data secure and processing it in accordance with legal requirements and stakeholder expectations as they continue to evolve. Appropriate protections are in place to prevent misuse and unauthorised disclosure of personal data.

In addition, the Group's Personal Data Protection Policy and Security Incident Response Plan underlines the Group's commitment to being a responsible data custodian.

Speak-Up Policy

The Group has a Speak-Up policy covering how individuals can report matters of serious concern on a named or anonymous basis. The Audit Committee is responsible for overseeing the effectiveness of the formal procedures to raise such matters and is required to review any reports made under those procedures referred to by the internal audit function. In addition, the Group has a speak-up service managed by an independent third-party service provider to supplement existing channels in the business units to assist in reporting of suspected illegal or unethical behaviour and is intended to help foster an inclusive, safe and caring workplace. The service, which is available 24 hours in multiple local languages, and is accessible through phone hotline or online. Reports may be lodged by one of three channels: email, website and telephone hotline. Each report is allocated a unique case number which enables follow-up with the reporter. Once a report is lodged, it is sent to certain authorised persons at the relevant business units. These include senior representatives from legal, compliance and Human Resource teams who have experience in dealing with such matters. The authorised persons will follow up on the report and investigate where necessary. The reporter will be notified of the outcome. All reports are treated confidentially, and protection is provided to anyone who reports a case.

Diversity and Inclusion

The Group will continue to foster a culture of inclusivity and empowerment, where colleagues with different backgrounds feel comfortable in being themselves, in voicing their ideas and have equal opportunities to thrive. The Group applies the principle that colleagues should always treat others in a way they would expect others to treat them. Bullying, intimidation, discrimination, and harassment of others have no place in the Group and will not be tolerated.

As a multinational Group with a broad range of businesses operating across Asia, the Group believes in promoting equal opportunities in recruiting, developing and all employees, regardless of ethnicity, gender, age, sexual orientation, disability, background or religion, should be treated fairly and with dignity, and be valued for the contributions they make in their role. The scale and breadth of the Group's businesses necessitate that they seek the best people from the communities in which they operate most suited to their needs.

All staff are encouraged and supported to develop their full potential and contribute to the sustainable growth of the Group. Employees views and ideas are essential, and they are encouraged to express them respectfully with colleagues at all levels within the organisation.

To build an inclusive workplace, we incorporate the Diversity and Inclusion principles by modelling the Jardine Matheson group's Diversity and Inclusion Policy. This includes:

- Ongoing collaboration with Jardine Matheson group to ensure a set of inclusive working arrangements and policies to support Diversity and Inclusion.

- Keeping our recruitment, promotion and retention systems fair and based on aptitude, merit and ability, including ongoing reviews of remuneration to ensure appropriateness of pay levels.

- Active talent management and career support for our talent pools to provide equitable opportunities that will enable a diverse future pipeline of leaders.

- Cultivating the right set of leadership behaviours through learning campaigns to ensure our people behave in a way consistent with the principles we have put in place.

The Company keeps the composition of its Board and senior management positions under review to ensure that it adapts to the changing business landscape. The Company is actively focussed on increasing gender diversity.

Remuneration Report

Message from the Board/Remuneration Committee

The Board is pleased to present shareholders with the 2022 Remuneration Report. This report sets out the Group's approach to remuneration for its executives and Directors, particularly the link between the Group's values, strategy and its remuneration framework, the link between performance and reward, and remuneration outcomes for senior executives.

The Group's Remuneration philosophy and framework for rewarding staff

The remuneration outcomes in 2022 reflect the intended operation of the remuneration framework.

At the heart of the Group's remuneration framework is our commitment to deliver competitive remuneration for excellent performance to attract the best and motivate and retain talented individuals, while aligning the interests of executives and shareholders. The Company aims to ensure all remuneration is delivered in a manner that is aligned with the values of the Company.

It does this through:

- Incentives based on financial measures and strategic objectives that reflect key goals critical to sustained organisational success;
- Consideration of business and operational risk, as well as sustainability development goals through the design of performance objectives;
- Incentives and policies which align the interests of executives to those of shareholders;
- Ensuring remuneration outcomes are reasonable, taking into account community and stakeholder expectations; and
- Target remuneration levels and outcomes appropriately reflect the challenge and complexity of being a multinational Asian-based retail group with diverse retail businesses.

The Company's policy is to offer competitive remuneration packages to its senior executives. The Company relies on a reward framework that provides varying levels of remuneration and benefits depending on employee level. It is recognised that, given the nature of the Group and its diverse geographic base, a number of its senior executives are required to be offered international terms, and the nature of the remuneration packages is designed to reflect this. This structure of remuneration varies from senior executive to more junior level employees, but the link of remuneration to strategic goals is consistent throughout all levels of the organisation. The nature of goals used for remuneration does varies depending on employee level, but the Company ensures goals are relevant and measurable while aligned with company values. Executive Directors joining from outside the Group may be offered an initial fixed-term service contract to reflect any requirement to relocate.

Accordingly, the remuneration mix for employees varies depending on level. At senior executive levels, more remuneration is 'at risk', depending on performance levels against goals. At more junior levels, more remuneration is directed toward fixed remuneration. The Company strives to provide an appropriate amount of remuneration 'at risk' for the achievement of goals – whether those are short- or long-term in nature.

The Group's Remuneration philosophy and framework for rewarding staff continued

Directors' Remuneration

Directors' fees, which are payable to all Directors other than the Group Chief Executive and the Chief Financial Officer, are decided upon by shareholders in general meetings as provided for by the Company's Bye-laws.

The remuneration of the Company's Non-Executive Directors is not linked to performance. This is consistent with Non-Executive Directors being responsible for objective and independent oversight of the Group. The total amount provided to all Directors (including the Managing Director but exclusive of salaried Executive Directors of the Company who are not entitled to such fees) must not exceed the sum agreed by shareholders at a general meeting. The maximum aggregate remuneration of US$1.0 million per annum was approved by shareholders at the 2022 AGM. Executive Directors (excluding the Managing Director, who is also the Jardine Mathseon Managing Director) are paid a basic fixed salary as well as discretionary annual incentive bonuses by and receive certain employee benefits from the Group. Non-Executive Directors do not receive bonuses or any other incentive payments or retirement benefits. The Non-Executive Directors are reimbursed for expenses properly incurred in performing their duties as a Director of the Company. The schedule of fees paid to Directors in respect of 2022 is set out in the table below. Fees are annual fees, unless otherwise stated:

USD (per annum)

Chairman / Managing Director fee:	110,000
Base Director fee:	100,000
Audit Committee fee:	35,000
Nominations Committee fee:	15,000

	Director	Director Fee US$	Audit Committee Fee US$	Nominations Committee Fee US$	Total Fees US$
1	Ben Keswick (Chairman)	110,000	–	15,000	125,000*
2	John Witt (Managing Director)	110,000	–	15,000	125,000*
3	Ian McLeod	–	–	–	–
4	Clem Constantine	–	–	–	–
5	Dave Cheesewright	100,000	–	–	100,000
6	Weiwei Chen	100,000	35,000	–	135,000
7	Adam Keswick	100,000	–	15,000	115,000*
8	Anthony Nightingale	100,000	35,000	–	135,000
9	Christian Nothhaft	100,000	–	–	100,000
	TOTAL	**720,000**	**70,000**	**45,000**	**835,000**

* Fees surrendered to Jardine Matheson.

The Group's Remuneration philosophy and framework for rewarding staff continued

Remuneration Committee

The Board has overall responsibility for setting remuneration across the Group, ensuring it is appropriate and supports the Group's strategy, creating value for stakeholders. The Remuneration Committee has been established to assist the Board in these remuneration matters.

The Board had established a Remuneration Committee (the 'Remuneration Committee') at the Company level in November 2021. The key responsibilities of the Remuneration Committee are to:

- Oversee the formulation of a Group-wide reward strategy and ensure the business implements the reward strategy in alignment with its industry-specific needs;
- Review and approve the compensation of the Group Chief Executive and leadership team of the business;
- Review the terms of and design of performance-related incentives (both short- and long-term), including the review and approval of any changes to plan design, targets and metrics;
- Review and approve the overall compensation costs, including salary and bonus budgets, of the business; and
- Remain abreast of trends and developments in executive compensation and corporate governance related to the Group's industry and countries of operation.

The Remuneration Committee consists of a minimum of three members, selected by the Chairman of the Board.

The Chairman of the Board is the chairman of the Remuneration Committee. The current members of the Remuneration Committee are Ben Keswick, John Witt and Graham Baker. In addition, the Group Chief Executive, the Group Human Resources Director and Jardine Matheson group head of human resources will generally attend meetings of the Remuneration Committee. The Remuneration Committee meets as circumstances require, or by the circulation of Committee circulars and recommendations to the Board for approval as it deems appropriate.

How Remuneration framework is linked to the business strategy

The Group's remuneration strategy is designed to support and reinforce its business and sustainability strategies.

The at-risk components of remuneration are tied to measures that reflect the successful execution of these strategies in both the short and long term. Our strategic drivers of 'Grow in China, Maintain Strength in Hong Kong, Revitalising Southeast Asia, Building Capability, Driving Digital Innovation, and Own Brand Development' are reflected in bonus performance measures. So, the Group's actual performance directly affects what executives are paid.

Remuneration Outcomes in 2022

For the year ended 31st December 2022, the Directors received from the Group US$8.2 million *(2021: US$8.2 million)* in Directors' fees and employee benefits, being:

- US$0.8 million *(2021: US$0.6 million)* in Directors' fees; and
- US$6.7 million *(2021: US$6.8 million)* in short-term employee benefits, including salary, bonuses, accommodation and deemed benefits in kind;
- US$0.1 million *(2021: US$0.1 million)* in post-employment benefits; and
- US$0.6 million *(2021: US$0.7 million)* in share-based payments.

The information set out in the section above headed 'Remuneration Outcomes in 2022' forms part of the audited financial statements.

Share Schemes

Share-based long-term incentive plans have also been established to provide incentives for Executive Directors and senior managers. The scheme trustee grants share options after consultation between the Chairman and the Group Chief Executive and other Directors as they consider appropriate. Share options are not granted to Non-Executive Directors. In addition, in December 2018, a cash-based long-term incentive plan was implemented for senior management to align their remuneration with shareholders' interests by rewarding the delivery of strong EPS growth over the next five years. Pay-outs under the plan will also be dependent on the achievement of appropriate targets linked to the health of the business and the sustainability of earnings growth.

Directors' Share Interests

The Directors of the Company in office on 2nd March 2023 had interests* as set out below in the Company's ordinary share capital. These interests include those notified to the Company regarding the Directors' closely associated persons*.

Ian McLeod	597,514
Clem Constantine	100,000
Anthony Nightingale	34,183

* Within the meaning of MAR

In addition, Clem Constantine held deferred share awards regarding 247,149 ordinary shares issued pursuant to the Company's share-based long-term incentive plans.

Audit Committee Report

Audit Committee

The Board had established an Audit Committee (the 'Audit Committee') at the Company level in November 2021. The Audit Committee consists of a minimum of three members, the current members of which are Graham Baker (Financial Expert), Weiwei Chen (Independent Non-Executive Director) and Anthony Nightingale (Chairman of the Audit Committee). None of them is directly involved in operational management.

The Company considers that the Audit Committee has a majority of independent members. Graham Baker is also a member of the Audit Committee with recent financial experience and expertise, as well as a deep understanding of risk management.

The Managing Director, Group Chief Executive and Chief Financial Officer, and representatives of the internal and external auditors, also attend the Audit Committee meetings by invitation. In addition, other individuals may attend part of a meeting for specific agenda items as appropriate. The Audit Committee meets twice a year and reports to the Board after each meeting.

The role of the Audit Committee is governed by its terms of reference. The Audit Committee's remit includes:

- Independent oversight and assessment of financial reporting processes including related internal controls;
- Independent oversight of risk management and compliance;
- Monitoring and reviewing the effectiveness of the internal and external audit functions;
- Considering the independence and objectivity of the external auditors; and
- Reviewing and approving the level and nature of non-audit work performed by the external auditors.

Audit Committee continued

Before completion and announcement of the half-year and year-end results, a review of the Company's financial information and of any issues raised in connection with the preparation of the results, including the adoption of new accounting policies, is undertaken by the Audit Committee with the executive management and a report is received from the external auditors. The external auditors also have access to the entire Board when necessary, in addition to the Group Chief Executive, Chief Financial Officer and other senior executives.

The matters considered by the Audit Committee during 2022 included:

- Reviewing the 2021 annual financial statements and 2022 half-year financial statements, with particular focus on the impact of COVID-19, provisioning and impairment assessments, assumptions that underpinned key valuation models and effectiveness of financial controls;
- Reviewing the actions and judgments of management in relation to changes in accounting policies and practices to ensure clarity of disclosures and compliance with new accounting standards;
- Receiving reports from internal audit on the status of the control environment of the Group and its business divisions, and progress made in resolving matters identified in the reports;
- Reviewing the principal risks, evolving trends and emerging risks that affect the Group, and monitoring changes to the risk profile, as well as the effectiveness of risk management measures and crisis management arrangements;
- Receiving updates on the cybersecurity threat landscape and the Group's cybersecurity environment, risk management approach, training, priorities and control effectiveness;
- Receiving reports from risk management and legal functions on key legal matters and compliance and code of conduct issues, and the actions taken in addressing those issues and strengthening controls;
- Reviewing the annual internal audit plan and status updates;
- Reviewing the Group's governance approach to cybersecurity management, data security and privacy management across its businesses;
- Reviewing the biennial assessment of the effectiveness of PwC;
- Reviewing the independence, audit scope and fees of PwC, and recommending their re-appointment as the external auditor at general meeting; and
- Conducting a review of the terms of reference of the Audit Committee.

Audit Committee Attendance

The table below shows the attendance at the scheduled 2022 Audit Committee meetings:

Members of the Audit Committee	Meetings eligible to attend	Attendance
Anthony Nightingale (Chairman)	2/2	100%
Weiwei Chen	2/2	100%
Director of DFIRGMS		
Graham Baker	2/2	100%

Auditor Independence and effectiveness

The Group auditor's independence and objectivity are safeguarded by control measures including:

- Limiting the nature of non-audit services (including the adoption by the Company of a non-audit services policy);
- The external auditor's own internal processes to approve requests for non-audit work to the external audit work;
- Monitoring changes in legislation related to auditor independence and objectivity;
- The rotation of the lead auditor partner after five years;
- Independent reporting lines from the external auditor to the Audit Committee and providing an opportunity for the external auditor to have in-camera sessions with the Audit Committee;
- Restrictions on the employment by the Group of certain employees of the external auditor;
- Providing a confidential helpline that employees can use to report any concerns; and
- An annual review by the Audit Committee of the policy to ensure the objectivity and independence of the external auditor.

The Board's annual review in 2022 of the Auditor's Independence and Effectiveness found that PwC performed their duties effectively. The Board found the level of professional scepticism, the number and regularity of meetings with the Audit Committee, feedback from Audit Committee members and internal stakeholders and the levels of technical skills and experience to be effective.

Risk Management and Internal Control

The Board has overall responsibility for the Group's risk management systems and internal control. The Board has delegated to the Audit Committee responsibility for providing oversight in respect of risk management activities. The Audit Committee considers the Group's principal risks and uncertainties and potential changes to the risk profile. It reviews the operation and effectiveness of the Group's internal control systems (financial, operational and compliance) and the procedures by which these risks are monitored and mitigated.

The Audit Committee considers the systems and procedures regularly and reports to the Board semi-annually. The Jardine Matheson Group Audit and Risk Management ('JM GARM') is appointed to assist the Audit Committee in fulfilling its assurance and reporting roles. JM GARM adheres to international standards for the professional practice of internal audit. To safeguard its independence and objectivity, JM GARM reports functionally to the Audit Committee of the Company and has full and unrestricted access to all business functions, records, properties and personnel.

The internal control systems are designed to manage, rather than eliminate, business risk; to help safeguard the Group's assets against fraud and other irregularities; and give reasonable, but not absolute, assurance against material financial misstatement or loss.

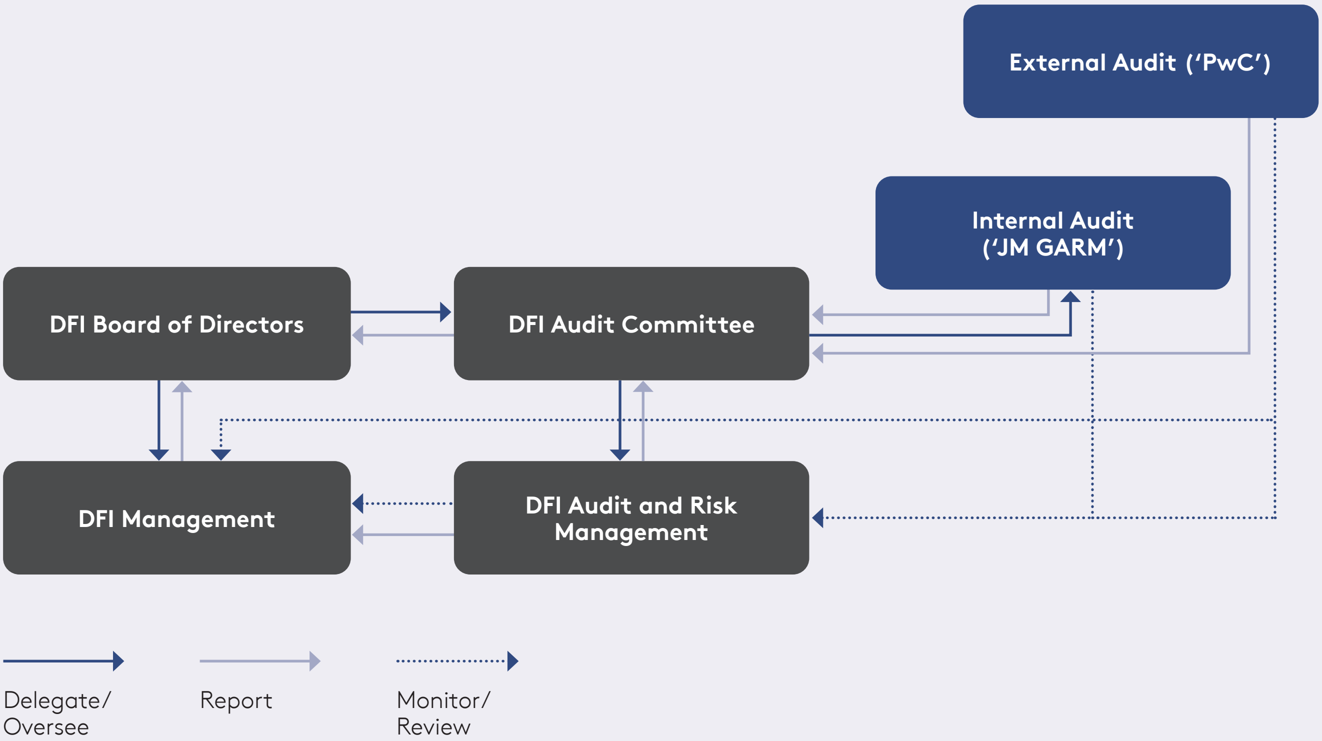
Executive management is responsible for the implementation of the systems of internal control throughout the Group, and a series of audit committees at an operational level and the internal audit function monitors the effectiveness of the systems.

The Group has an established risk management process reviewed regularly and covers all business units within the Group. This includes the maintenance of risk registers that detail the emerging and existing risks to the future success of the business and the relevant key controls and mitigating factors that address those risks. These are reviewed regularly.

The internal audit function also monitors the approach taken by the business units to risk. The internal audit function is independent of the operating businesses and reports its findings and recommendations for any corrective action required to the Audit Committee.

The Company's principal risks and uncertainties are set out on pages 161 to 166.

Risk Governance Structure



The Group's Management is responsible for:

- Identifying and assessing principal risks and uncertainties to which it is exposed;
- Implementing the most appropriate actions to mitigate and control those risks to an acceptable level;
- Providing adequate resources to minimise, offset or transfer the effects of any loss that may occur while managing acceptable risk/benefit relationships;
- Monitoring the effectiveness of the systems of risk management and internal control;
- Reporting periodically to DFI Board of Directors via Audit Committee on identifying principal risks and uncertainties and measures taken to, mitigate such risks; and
- Working with external and internal auditors to monitor and improve its control environment.

Risk Management Framework

Risk management is integrated into each business unit's strategic planning, budgeting, decision-making and operations. Central to this is the continuous and systematic application of:

Risk Management Framework based on ISO 31000 and COSO principles is embedded in the Group to identify, assess and define the strategies to monitor risks. The risk registers prepared by each business unit provide the basis for the aggregation process, which summarises the principal risks and uncertainties facing the Group as a whole.

Risk Identification	• Identify and document the Group's exposure to uncertainty with existing strategic objectives. • Adopt structured and methodical techniques to identify critical risks.
Risk Assessment	• Evaluate risks by estimating likelihood, financial and reputational damage, and the speed at which the risk materialises, based on its inherent and residual level. • Determine risk rating using the risk heatmap, with four levels of residual risk status.

Risk Treatment	• Tolerate – accept if within the Group's risk appetite.
	• Terminate – dispose or avoid risks were no appetite.
	• Risks may be accepted if mitigated to an appropriate level via:
	  • Transfer – take out insurance or share risk through contractual arrangements with business partners; and
	  • Treat – redesign or monitor existing controls or introduce new controls.

Risk Reporting & Monitoring	• Periodic review of principal risks and uncertainties. • Setting key risk indicators to enhance monitoring and mitigation of risks. • Regular reporting of principal risks and uncertainties from business units to the Group's Board of Directors via Audit Committee and JM GARM.

Principal Risks and Uncertainties

The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the DTRs issued by the FCA and are in addition to the matters referred to in the Chairman's Statement, Group Chief Executive's Review and other parts of this Annual Report.

Economic Risk	**Description** Most of the Group's businesses are exposed to the risk of negative developments in global and regional economies and financial markets, either directly or through the impact such developments might have on the Group's joint venture partners, associates, franchisors, bankers, suppliers or customers. These developments could include recession, inflation, deflation, currency fluctuations, restrictions in the availability of credit, business failures, or increases in financing costs, oil prices, the cost of raw materials or finished products. Such developments might increase operating costs, reduce revenues, lower asset values or result in some or all of the Group's businesses being unable to meet their strategic objectives.
	Mitigation Measures • Monitor the volatile macroeconomic environment and consider economic factors in strategic and financial planning processes. • Make agile adjustments to existing business plans and explore new business streams and new markets. • Review pricing strategies and keep conservative assumptions. • Insurance programme covering property damage and business interruption.

Principal Risks and Uncertainties continued

Commercial Risk

Description

Risks are an integral part of normal commercial activities and where practicable steps are taken to mitigate them. Risks can be more pronounced when businesses are operating in volatile markets. While the Group's regional diversification does help to mitigate some risks, a significant portion of the Group revenues and profits continue to be derived from our operations in Hong Kong.

A number of the Group's businesses make significant investment decisions regarding developments or projects, which are subject to market risks. This is especially the case where projects are longer-term in nature and take more time to deliver returns.

The Group's businesses operate in areas that are highly competitive and failure to compete effectively, whether in terms of price, product specification, technology, property site or levels of service, failure to manage change in a timely manner or to adapt to changing consumer behaviours, including new shopping channels and formats, can have an adverse effect on earnings. Significant competitive pressure may also lead to reduced margins.

It is essential for the products and services provided by the Group's businesses to meet appropriate quality and safety standards, and there is an associated risk if they do not, including the risk of damage to brand equity or reputation, which might adversely impact the ability to achieve acceptable revenues and profit margins.

While social media presents significant opportunities for the Group's businesses to connect with customers and the public, it also creates a whole new set of potential risks for companies to monitor, including damage to brand equity or reputation, affecting the Group's profitability.

Mitigation Measures

- Utilise market intelligence and deploy digital strategies for business-to-consumer businesses.
- Establish customer relationship management programme and digital commerce capabilities.
- Engage in longer-term contracts and proactively approach suppliers for contract renewals.
- Re-engineer existing business processes.

Financial and Treasury Risk

Description

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

The market risk the Group faces includes i) foreign exchange risk 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; ii) interest rate risk through the impact of rate changes on interest bearing liabilities and assets; and iii) securities price risk as a result of its equity investments and limited partnership investment funds which are measured at fair value through profit and loss, and debt investments which are measured at fair value through other comprehensive income.

The Group's credit risk is primarily attributable to deposits with banks, contractual cash flows of debt investments carried at amortised cost and those measured at fair value through other comprehensive income, credit exposures to customers and derivative financial instruments with a positive fair value.

The Group may face liquidity risk if its credit rating deteriorates or if it is unable to meet its financing commitments.

Mitigation Measures

- Limiting foreign exchange and interest rate risks to provide a degree of certainty about costs.
- Management of the investment of the Group's cash resources so as to minimise risk, while seeking to enhance yield.
- Adopting appropriate credit guidelines to manage counterparty risk.
- When economically sensible to do so, taking borrowings in local currency to hedge foreign exchange exposures on investments.
- A portion of borrowings is denominated in fixed rates. Adequate headroom in committed facilities is maintained to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties.
- The Group's funding arrangements are designed to keep an appropriate balance between equity and debt from banks and capital markets, both short and long term in tenor, to give flexibility to develop the business. The Company also maintains sufficient cash and marketable securities, and ensures the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.
- The Group's treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

The detailed steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on pages 40 to 44 and Note 40 to the financial statements on pages 116 to 124.

Principal Risks and Uncertainties continued

Concessions, Franchises and Key Contracts Risk

Description

A number of the Group's businesses and projects rely on concessions, franchises, management or other key contracts. Accordingly, cancellation, expiry or termination, or the renegotiation of any such concessions, franchises, management or other key contracts could adversely affect the financial condition and results of operations of certain subsidiaries, associates, and joint ventures of the Group.

Mitigation Measures

- Sustaining and strengthening relationships with franchisors.
- Monitor sales performance and compliance with franchise terms.
- Regular communication with franchisees and concessionaires, including performance management.

Regulatory and Political Risk

Description

The Group's businesses are subject to several regulatory regimes in the territories they operate. Changes in such regimes, in relation to matters such as foreign ownership of assets and businesses, exchange controls, licensing, imports, planning controls, emission regulations, tax rules and employment legislation, could have the potential to impact the operations and profitability of the Group's businesses.

Changes in the political environment, including political or social unrest, in the territories where the Group operates, could adversely affect the Group's businesses.

Mitigation Measures

- Stay connected and informed of relevant new and draft regulations.
- Engage external consultants and legal experts where necessary.
- Assessing impact on the business and taking appropriate measures.
- Raise awareness with regular updates on new regulations that may have been implemented in other markets.

Pandemic and Natural Disasters Risk

Description

The Group's businesses could be impacted by a global or regional pandemic which seriously affects economic activity or the ability of businesses to operate smoothly. In addition, many of the territories in which the Group operates can experience natural disasters such as earthquakes, floods, and typhoons from time to time.

Mitigation Measures

- Business Continuity Teams are in place to deal with incidents as they arise.
- Business Continuity plans are in place, tested and updated regularly.
- Insurance programmes that provide robust cover for natural disasters.
- Engage external consultants for climate risk, to assess the risk to the business and implement solutions accordingly.

Cybersecurity and Technology Risk	**Description** The Group faces increasing numbers of cyberattacks from groups targeting individuals and businesses. As a result, the privacy and security of customer and corporate information are at risk of being compromised through a breach of our or our suppliers' IT systems or the unauthorised or inadvertent release of information, resulting in brand damage, impaired competitiveness or regulatory action. Cyberattacks may also adversely affect our ability to manage our business operations or operate information technology and business systems, resulting in business interruption, lost revenues, repair or other costs. The Group is heavily reliant on its IT infrastructure and systems for the daily operation of its business. Any major disruption to the Group's IT systems could significantly impact operations. The ability to anticipate and adapt to technology advancements or threats is an additional risk that may also impact the business. **Mitigation Measures** • Continued investment in upgrading of technology and IT infrastructure. • Defined cybersecurity programme and centralised function to provide oversight, manage cybersecurity matters, and strengthen cyber defences and security measures. • Perform regular vulnerability assessment and/or penetration testing by third parties to identify weaknesses. • Arrange regular security awareness training and phishing testing to raise users' cybersecurity awareness. • Maintain disaster recovery plans and backup for data restoration. • Regular external and internal audit reviews.
Talent Risk	**Description** The competitiveness of the Group's businesses depends on the quality of the people that it attracts and retains. Unavailability of needed human resources may impact the ability of the Group's businesses to operate at capacity, implement initiatives and pursue opportunities. **Mitigation Measures** • Competitive pay and benefits commensurate with market benchmarks. • Proactive manpower planning and succession planning are in place. • Enhanced employer branding, training for team members and talent development plans. • Promote diversity and inclusion across the Group.

Principal Risks and Uncertainties continued

Environmental and Climate Risk	**Description** Environmental disasters such as earthquakes, floods and typhoons can damage the Group's assets and disrupt operations. Global warming-induced climate change has increased the frequency and intensity of storms, leading to higher insurance premiums or reduced coverage for such natural disasters. With governments also taking a more proactive approach towards carbon taxes, renewable energies and electric vehicles, additional investments and efforts to address physical and transition risks of climate change are anticipated from businesses. With interest in sustainability surging in recent years from investors, governments and the general public, expectations by regulators and other stakeholders for accurate corporate sustainability reporting and commitments towards carbon neutrality to address climate change are also growing. This brings increasing challenges to the Group and its businesses to meet key stakeholders' expectations. There is potential for negative publicity and operational disruption arising from conflict between activists and the Group's businesses that are perceived to be engaged in trade and activities that are environmentally unfriendly.
	Mitigation Measures • Sustainability Leadership Council established to mobilise and coordinate sustainability efforts across the Group. • A sustainability strategy framework, including a climate action pillar, drives the Group's sustainability agenda. • A Climate Action Working Group, with representatives from all business units, drives Group-wide initiatives which strengthen collaboration and share knowledge. • Each business is building a net zero carbon pathway and climate change plan to build climate resilience. • Assess emerging Environmental, Social and Governance (ESG) reporting standards and requirements, to align Group disclosures to best market practice. • Conduct climate risk assessments and adaptation action plans based on recommendations of Task Force on Climate-Related Financial Disclosures (TCFD), including implementing measures to address physical risks posed by climate change and identifying opportunities in global transition to a low carbon economy. • Formulate the appropriate risk response strategy (particularly on the Group's key assets and supply chain), and integrate Physical and Transitional Climate Risk into the Group's existing risk management approach.

Effectiveness Review of Risk Management and Internal Control Systems

The effectiveness of the Company's risk management and internal control systems is monitored by the internal audit function, which reports functionally to the Audit Committee. The internal audit function also monitors the approach taken by the business units to manage risk. The findings of the internal audit function and recommendations for any corrective actions required are reported to the Audit Committee and if appropriate, to Jardine Matheson Audit Committee.

SHAREHOLDER INFORMATION

Financial Calendar

2022 full-year results announced	2nd March 2023
Shares quoted ex-dividend	16th March 2023
Share registers closed	20th to 24th March 2023
Annual General Meeting to be held	4th May 2023
2022 final dividend payable	10th May 2023
2023 half-year results to be announced	28th July 2023*
Shares quoted ex-dividend	17th August 2023*
Share registers to be closed	21st to 25th August 2023*
2023 interim dividend payable	11th October 2023*

* Subject to change

Dividends

Shareholders will receive their cash dividends in United States Dollars, except when elections are made for alternate currencies in the following circumstances.

Shareholders on the Jersey Branch Register
Shareholders registered on the Jersey branch register will have the option to elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2022 final dividend by notifying the United Kingdom transfer agent in writing by 21st April 2023. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 26th April 2023.

Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in Sterling only as calculated above.

Shareholders on the Singapore Branch Register who hold their shares through The Central Depository (Pte) Limited ('CDP')
Shareholders who are on CDP's Direct Crediting Service ('DCS')
Those shareholders who are on CDP's DCS will receive their cash dividends in Singapore Dollars unless they opt out of CDP Currency Conversion Service, through CDP, to receive United States Dollars.

Shareholders who are not on CDP's DCS
Those shareholders who are not on CDP's DCS will receive their cash dividends in United States Dollars unless they elect, through CDP, to receive Singapore Dollars.

Registrars and Transfer Agent

Shareholders should address all correspondence with regard to their shareholdings or dividends to the appropriate registrar or transfer agent.

Principal Registrar
Jardine Matheson International Services Limited
P.O. Box HM 1068
Hamilton HM EX
Bermuda

Jersey Branch Registrar
Link Market Services (Jersey) Limited
12 Castle Street
St Helier, Jersey JE2 3RT
Channel Islands

Singapore Branch Registrar
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

United Kingdom Transfer Agent
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL, United Kingdom

Press releases and other financial information can be accessed through the internet at www.DFIretailgroup.com.

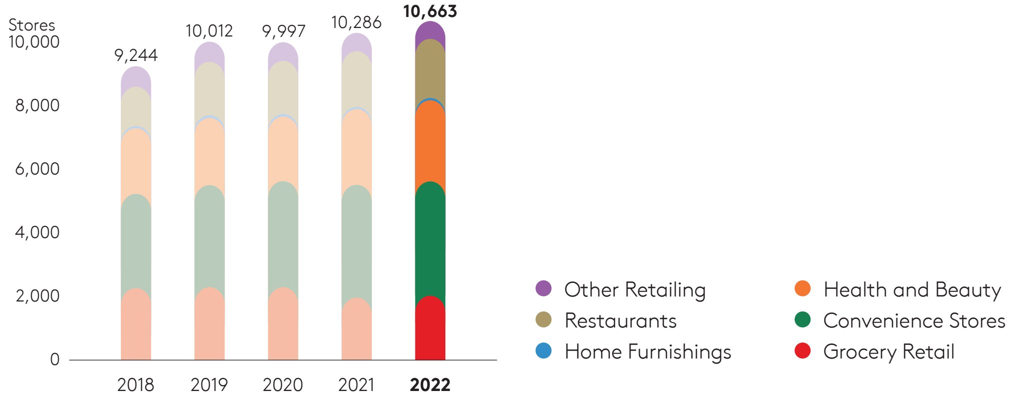
RETAIL OUTLET SUMMARY

2022	Food: Grocery Retail	Food: Convenience Stores	Health and Beauty	Home Furnishings	Restaurants	Other Retailing	Total	Net change
Hong Kong	324	1,066	303	7	806	–	**2,506**	38
Macau	22	49	21	1	26	–	**119**	3
Chinese mainland	1,074	1,591	125	–	293	–	**3,083**	49
Singapore	101	457	121	–	175	–	**854**	9
Indonesia	22	–	312	7	–	–	**341**	18
Malaysia	91	–	557	–	5	–	**653**	74
Brunei	–	–	31	–	–	–	**31**	5
Taiwan	–	–	–	8	–	–	**8**	1
The Philippines	311	433	957	–	–	560	**2,261**	82
Vietnam	–	–	112	–	87	–	**199**	31
Cambodia	79	–	13	–	36	–	**128**	32
Thailand	–	–	–	–	479	–	**479**	34
Laos*	–	–	–	–	1	–	**1**	1
Total	**2,024**	**3,596**	**2,552**	**23**	**1,908**	**560**	**10,663**	377
Net change over 2021	68	46	172	4	107	(20)	377	

* Maxim's entered into Laos market in late 2022.

2021	Food: Grocery Retail	Food: Convenience Stores	Health and Beauty	Home Furnishings	Restaurants	Other Retailing	Total	Net change
Hong Kong	322	1,036	315	6	789	–	2,468	24
Macau	20	51	20	1	24	–	116	3
Chinese mainland	1,088	1,550	129	–	267	–	3,034	(106)
Singapore	101	455	119	–	170	–	845	47
Indonesia	23	–	295	5	–	–	323	(108)
Malaysia	79	–	497	–	3	–	579	46
Brunei	–	–	26	–	–	–	26	2
Taiwan	–	–	–	7	–	–	7	1
The Philippines	271	458	870	–	–	580	2,179	326
Vietnam	–	–	94	–	74	–	168	6
Cambodia	52	–	15	–	29	–	96	26
Thailand	–	–	–	–	445	–	445	22
Total	1,956	3,550	2,380	19	1,801	580	10,286	289
Net change over 2020	(338)	218	351	6	60	(8)	289	

Store Network



Note: Includes associates and joint ventures and excludes discontinued operations.

MANAGEMENT AND OFFICES

Leadership Team

Ian McLeod	Group Chief Executive
Choo Peng Chee	Chief Executive Officer – DFI Retail North Asia
Chris Bush	Chief Executive Officer – DFI Retail Southeast Asia
Clem Constantine	Chief Financial Officer and Property Director
Johnny Wong	Chief Executive Officer – DFI Digital
Andrew Wong	Chief Executive Officer – Health and Beauty North Asia
Soren Lauridsen	Chief Executive Officer – Health and Beauty Southeast Asia
Martin Lindström	Chief Executive Officer – IKEA
Danni Peirce	Managing Director – Guardian Singapore
Marcus Spurrell	Chief Technology Officer
Charlie Wood	General Counsel, Head of Audit, QC Technical and HR Central Services

Corporate Office

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Tel : (852) 2299 1888
Fax : (852) 2299 4888
Website : www.DFIretailgroup.com

Brunei

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Mukim Gadong
Bandar Seri Begawan
BE 3119
Negara Brunei Darussalam
Tel : (673) 246 0715

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DFI Lucky Private Limited
#01, Street 55P
Sangkat Tuek Thla
Khan Sen Sok
Phnom Penh
Cambodia 120802
Tel : (855 23) 885 723
Website : www.dfilucky.com

Hong Kong and Macau

The Dairy Farm Company, Ltd
5/F Devon House
Taikoo Place
979 King's Road
Quarry Bay
Tel : (852) 2299 3888
Fax : (852) 2299 2888

Maxim's Caterers Ltd*
18/F Maxim's Centre
17 Cheung Shun Street
Cheung Sha Wan
Kowloon
Tel : (852) 2523 4107
Fax : (852) 2216 7883
Website : www.maxims.com.hk

Indonesia

PT Hero Supermarket Tbk
Graha Hero
CBD Bintaro Jaya
Sektor VII B.7/A.7, Pondok Jaya
Pondok Aren, Tangerang Selatan
Banten 15220
Tel : (62 21) 8378 8000
Website : www.hero.co.id

Chinese mainland

Guangdong Sai Yi Convenience Stores Ltd
3/F Guangdong Mechanical
Sub-Building
185 Yue Hua Road
Yue Xiu District
Guangzhou 510030
Tel : (86 20) 8364 7118
Fax : (86 20) 8364 7436
Website : www.7-11.cn

Mannings Guangdong Retail Company Ltd
2/F Guangdong Mechanical
Main-Building
185 Yue Hua Road
Yue Xiu District
Guangzhou 510030
Tel : (86 20) 8318 1388
Fax : (86 20) 8318 2388
Website : www.mannings.com.cn

Yonghui Superstores Co., Ltd*
120 Hutou Street
Fuzhou 350002
Tel : (86 591) 8376 2200
Fax : (86 591) 8378 7308
Website : www.yonghui.com.cn

Malaysia

GCH Retail (Malaysia) Sdn Bhd
Mezzanine Floor
Giant Hypermarket Shah Alam
Stadium
Lot 2, Persiaran Sukan, Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : (603) 5544 8888
Fax : (603) 5511 0164
Website : www.giant.com.my

Guardian Health And Beauty Sdn Bhd
Mezzanine Floor
Giant Hypermarket Shah Alam
Stadium
Lot 2, Persiaran Sukan, Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : (603) 5544 8400
Fax : (603) 5518 1131
Website : www.guardian.com.my

The Philippines

Robinsons Retail Holdings, Inc.*
43F Robinsons Equitable Tower
ADB Avenue cor Poveda St.
Ortigas Center, Pasig City
Metro Manila
Tel : (63 2) 8635 0751 to 64
Website : www.robinsonsretail
holdings.com.ph

Singapore

Cold Storage Singapore (1983) Pte Ltd
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Tel : (84 28) 3832 8272
Fax : (84 28) 3832 8448
Website : www.guardian.com.vn

* Associates or joint ventures


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