Independent Auditor's Report

To the Members of DFI Retail Group Holdings Limited
(incorporated in Bermuda with limited liability)

Report on the Audit of the Consolidated Financial Statements

Opinion

What we have audited

The consolidated financial statements of DFI Retail Group Holdings Limited (the 'Company') and its subsidiaries (the 'Group'), included within the Annual Report, which comprise:

- the Consolidated Balance Sheet at 31st December 2023;
- the Consolidated Profit and Loss Account for the year then ended;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended; and
- the Notes to the Financial Statements, comprising material accounting policy information and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the consolidated financial statements. These disclosures are cross-referenced from the consolidated financial statements and are identified as audited.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ('IASB').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our Audit Approach

Overview

Materiality

- Overall Group materiality: US$22.9 million, based on 0.25% of total revenue of the Group.

Audit scope

- A full scope audit was performed on six entities including four subsidiaries and two associates, Maxim's Caterers Limited ('Maxim's') and Yonghui Superstores Co., Ltd ('Yonghui').
- These entities, together with the audit of specific balances and transactions performed on six other subsidiaries, and procedures performed on central functions and at the Group level, accounted for 89% of the Group's revenue, 80% of the Group's profit before tax and 76% of the Group's underlying profit before tax.

Key audit matters identified in our audit are summarised as follows:

- Recoverability of goodwill for San Miu Macau and Giant Singapore; and
- Buying income

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered 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 among other matters, consideration of whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Overall group materiality	US$22.9 million
How we determined it	0.25% of total revenue of the Group
Rationale for the materiality 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

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US$1.1 million, other than classifications within the Consolidated Profit and Loss Account or Consolidated Balance Sheet, which were only reported above US$4.9 million. We would also report misstatements below these amounts that in our view, warranted reporting for qualitative reasons.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of goodwill for San Miu Macau and Giant Singapore	
Refer to note 40 (Critical Accounting Estimates and Judgements), note 10 (Intangible Assets) and note 9 (Non-trading Items) to the financial statements. As at 31st December 2023 the Group had goodwill of US$202 million, included within 11 cash generating units ('CGUs'). Management undertook annual impairment assessments for all CGUs containing goodwill, as required by accounting standards. Based on management's assessments, the recoverable amounts for the San Miu Macau and Giant Singapore CGUs were lower than the respective carrying values. Impairment charges in respect of the goodwill balances of these CGUs of approximately US$103 million were recognised as non-trading items in the Consolidated Profit and Loss Account for the year ended 31st December 2023. In addition, the San Miu Macau goodwill remains sensitive to changes in key assumptions used in the valuation assessment, as not all of the goodwill has been impaired, and therefore any further deterioration in the future cash flows and/or financial assumptions would result in an additional impairment charge.	We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining the recoverable amounts of CGUs containing goodwill, including the assumptions applied. We performed the following procedures in relation to management's impairment assessments, focussing on the CGUs containing the San Miu Macau and Giant Singapore goodwill. With the support of our valuation experts, we assessed key assumptions used in management's valuation assessments against relevant supporting evidence. This included whether the assumptions of projected cash flows of the respective businesses, the discount rates, and the long-term growth rates were appropriate. We agreed the future cash flows used in the assessments with management approved budgets, where relevant. We also tested management's historical estimation accuracy by comparing historical budgeted performances with actual results. We compared the discount rates used with the range of discount rates used in similar businesses and considered whether management had incorporated all relevant macro-economic and country-specific factors, as well as those specific to San Miu Macau and Giant Singapore.

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of goodwill for San Miu Macau and Giant Singapore continued	
There is inherent estimation uncertainty and judgement in determining the recoverable amount of CGUs containing goodwill. Assumptions are made by management in preparing the valuation assessments, particularly management's judgement on key internal inputs and external market conditions which impact future cash flows, the discount rates and the long-term growth rates. We focussed on the San Miu Macau and Giant Singapore CGUs, as these contained the most significant goodwill balances held by the Group and had a higher risk of impairment.	For the long-term growth rates we compared these with the long-term inflation rates, and considered whether management had incorporated macro-economic and country-specific factors related to the respective businesses. 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 assessments to changes in these assumptions. As the recoverable amounts determined by management were lower than the carrying amounts of the CGUs containing the San Miu Macau and Giant Singapore goodwill, we checked the calculations of the impairment charges recognised. Based on the procedures performed, we found that the assumptions made by management, including the discount rates, long-term growth rates and the cash flows used in the valuation assessments, were reasonable. We assessed the adequacy of the disclosures related to the carrying values of goodwill balances in the context of IFRS Accounting Standards, including those relating to sensitivities, and agreed disclosures in the financial statements to the assessments tested and the assumptions applied in those assessments. We considered the disclosures to be appropriate.

Key Audit Matter	How our audit addressed the key audit matter
Buying income Refer to note 37 (Material Accounting Policies) and note 40 (Critical Accounting Estimates and Judgements) to the financial statements. The Group has arrangements with suppliers whereby volume-based, promotional, and various other incentives, rebates and discounts are earned in connection with the purchase of goods for resale from those suppliers (collectively referred to as 'buying income'). As such, the Group recognises the buying income as deductions from cost of sales. The individual supplier arrangements in place across the Group vary in nature. The majority of buying income is driven by volume-based measures, with the remainder related to ad-hoc and promotional activities. 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 income is 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 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 agreement. ***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.	We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining the amounts of buying income recognised. We gained an understanding of, and evaluated, the key manual and IT controls over buying income and tested key controls on a sample basis. We performed a detailed analytical review of buying income by type and location to identify unusual trends. In addition, on a sample basis: • we checked supplier buying income recognised to supporting documents e.g. cash receipts or supplier contracts; • where buying income amounts were estimated based on volume or other criteria, we checked that there was appropriate supporting evidence to determine those estimates; • for ad-hoc and promotional income, we assessed whether the performance criteria of the items selected had been met; • 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 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 corresponding buying income recognised was reasonable. Based on the procedures performed, we found the buying income recognised in the financial statements to be supportable, based on available evidence. We assessed the adequacy of the disclosures related to buying income in the context of IFRS Accounting Standards and considered the disclosures to be appropriate.

How We Tailored Our Group Audit Scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group 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 them 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. Senior members of the Group engagement team undertook visits to the Chinese mainland, Indonesia and Singapore during the year to direct and oversee the audit, along with regular communication through conference calls and either remote or on site review of the work of component teams in those locations.

A full scope audit was performed on six entities including four subsidiaries and two associates, Maxim's and Yonghui. These entities, together with the audit of specific balances and transactions performed on six other subsidiaries, and procedures performed on central functions and at the Group level (on the consolidation and other areas involving significant judgement), accounted for 89% of the Group's revenue, 80% of the Group's profit before tax and 76% of the Group's underlying profit before tax.

This gave us the evidence we needed for our opinion on the consolidated financial statements as a whole.

Other Information

The Directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

As explained more fully in the Responsibility Statements and the Corporate Governance section in the Annual Report, the Directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

The Audit Committee assists the Directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 these opinions, 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.

The engagement partner on the audit resulting in this independent auditor's report is Sean William Tuckfield.

Other Matter

In due course, as required by the United Kingdom Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these consolidated 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 auditor's report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
7th March 2024