Corporate Governance

Overview of the Group's Governance Approach

DFI Retail Group (the Group), comprising DFI Retail Group Holdings Limited (the Company) and its subsidiaries, understands the value of good corporate governance in driving the long-term sustainable success of its 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 across the Chinese mainland and South East Asia. The Group's governance framework is tailored to its size, ownership structure, the complexity and breadth of business. It enables the Company to benefit from Jardine Matheson's 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.

The Company also ensures that the Group continues to demonstrate the characteristics and values 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, drawing on the expertise and experience of our Directors, and does not focus on short-term profits. This leads to long-term, sustainable growth for our shareholders and benefits the communities where we operate.

- **Credibility, stability and trust** – the credibility, stability and trust built up by the Group over many generations are highly valued by our partners and other stakeholders, especially in developing markets.

- **Deep knowledge of our markets** – the extensive experience and long track record of the Group have led to a deep understanding of how to drive successful growth across our markets, giving the Group a competitive advantage.

The Group believes that its stakeholders gain significant value from the long-term approach it takes. It is also important, however, to adapt to changing circumstances in our markets and, where appropriate, to the developing expectations of stakeholders and changes in best practice. In this context, over the past year the Group has strengthened the Company's Board and leadership team, bringing in expertise to support our businesses in highly dynamic and competitive markets. In parallel, we have continued to enhance our approach to governance to be more focused and to drive better decision-making and results.

In order to ensure clear allocation of accountability, the Company's strengthened leadership team is responsible for developing and executing the Group's business strategies and delivering on performance. The leadership team is directly accountable to the Board, which provides robust challenge, support and guidance, bolstered by extensive industry-specific expertise and experience from independent non-executive directors (the INEDs).

INEDs 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 has taken further steps over the past year to increase the independence and diversity of its Board.

Overview of the Group's Governance Approach continued

During the year and subsequent to the end of the year under review, the Company underwent several changes in its governance. Anthony Nightingale retired from the Board and the Audit Committee on 31 January 2024. Weiwei Chen succeeded Anthony Nightingale as the Chair of the Audit Committee on 31 January 2024. On 22 July 2024, John Witt was appointed as Chairman, the Chair of the Remuneration and Nominations Committees, succeeding Ben Keswick. On the same day, Graham Baker joined the Board as a Non-Executive Director and resigned as a member of the Remuneration Committee; Adam Keswick stepped down from the Board and resigned as a member of the Nominations Committee. In addition, Christian Nothhaft and Raymond Co were appointed as members of the Remuneration and Nominations Committees. The Company further appointed Tom van der Lee as the Group Chief Financial Officer and Executive Director in place of Clem Constantine on 1 October 2024. On 17 February 2025, the Company appointed Elaine Chang as an additional INED to the Board and Ben Keswick stepped down from the Board. As a result of these changes, the Board comprised eight Directors, of whom 50% are considered independent, taking into account the independence considerations under the UK Corporate Governance Code (the Code), and 25% are female.

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 establishing common values and standards, and sharing experience, contacts and business relationships, the Jardine Matheson portfolio companies, including the Group, aim to optimise their opportunities across the Asian countries in which they operate.

Governance and Legal Framework

The Company is incorporated in Bermuda with most of its retailing business interests held entirely in Asia. The primary listing of the Company's equity shares is in the Equity Shares (Transition) Category (the Transition Category) of the Main Market of the London Stock Exchange (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 result of being listed in the Transition Category on the LSE.

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

- The Bermuda Companies Act 1981 (the Bermuda 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, the Regulations) were implemented; and
- The Company's Memorandum of Association and Bye-Laws.

The Bermuda Takeover Code for the Company is set out in the Regulations and is based on the UK City Code on Takeovers and Mergers. It provides an orderly framework within which takeover offers can be conducted and the interests of shareholders protected.

Other acquisition mechanisms available under the Bermuda Companies Act include schemes of arrangement and amalgamation and mergers. The Bermuda Companies Act provides a framework within which such procedures can be conducted and the interests of shareholders protected.

The shareholders can amend the Company's Bye-Laws by way of a special resolution at a general meeting of the Company. The Company will modernise the provisions in the Bye-Laws and seek shareholders' approval at the 2025 Annual General Meeting (AGM) for the adoption of the new Bye-Laws.

Governance and Legal Framework continued

The Company's listing in the Transition Category of the LSE means that it is bound by many, but not all, of the same rules as companies which fall within the Equity Shares (Commercial Companies) categories (the Commercial Companies Category) of the LSE, under the UK Listing Rules, the Disclosure Guidance and Transparency Rules (DTRs) issued by the Financial Conduct Authority in the United Kingdom (FCA), the UK Market Abuse Regulation (MAR) and the Prospectus Regulation Rules. This includes rules relating 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.

When the shareholders approved the Company's move to a standard listing from a premium listing in 2014, the Company stated that it intended to maintain certain governance principles, which were applicable to it at that time by virtue of its UK premium listing. As a result, the Company adopted a number of governance principles (the Governance Principles) based on the applicable requirements for a UK premium listing in 2014, which went further than the standard listing requirements at the time.

Following the FCA's recent reform of the UK listing regime, including the introduction of new UK Listing Rules which came into effect on 29 July 2024 (the 2024 UK Listing Rules), the replacement of the previous UK premium and standard segments of the Official List of the FCA with the UK commercial companies category and the transfer of the listing of the Company's equity shares to the Transition Category, the Company has undertaken a review of the Governance Principles to ensure they remain appropriate and take into account market practice.

Following such review, the Board considers that certain amendments to the Governance Principles are appropriate to align more closely with, and have regard to, the 2024 UK Listing Rules that other UK listed companies are subject to and to reflect the modernisation of the governance of the Company. With immediate effect, the Company intends to have regard to the 2024 UK Listing Rules (as in effect on 29 July 2024) applicable to the UK commercial companies category, when applying the Governance Principles in relation to significant transactions and related party transactions.

This means that the key elements of the Governance Principles are now updated as follows:

- If the Company carries out a related party transaction which, if its shares were listed on the UK commercial companies category would require a sponsor to provide a fair and reasonable opinion under the provisions of the 2024 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.
- If the Company carries out such a related party transaction or a significant transaction (one that would be classified as a significant transaction under the provisions of the 2024 UK Listing Rules), as soon as reasonably practical after the terms are agreed, the Company will issue an announcement, providing such details of the transaction as are necessary for investors to evaluate the effect of the transaction on the Company.
- At each 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 new shares representing up to 5% of the Company's issued share capital 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 Code, which applies to all UK commercial companies category issuers 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 its strategic objectives in a way that is supported by the right culture, values and behaviours. The Group's culture provides the foundation for the delivery of our strategy and our long-term, sustainable success. Our workforce policies and practices are consistent with and support our culture. Periodic team members surveys - Your Voice Counts are conducted to assess the culture, team member engagement and other key organisation health dimensions and enable management to identify actions that could be taken to further improve our culture.

The Board is also responsible for ensuring that appropriate systems and controls are in place to enable efficient management and well-informed decision-making. Our business processes incorporate efficient internal reporting, robust internal controls, and supervision of current and emerging risk themes, all of which form a vital part of our governance framework. As a key part of this, the Company Secretary has set up processes and systems to ensure that all Directors receive information in a timely, accurate and clear manner. We use a board paper distribution portal to disseminate board and committee papers securely to Directors.

The Chairman facilitates discussions at Board meetings, by ensuring all Directors have an opportunity to make comments and ask questions. In addition, the Chairman discusses matters with Directors individually and collectively outside of Board meetings. The Chairman also uses other gatherings of the Directors, such as Board dinners, to facilitate discussions in a less formal environment.

The Board has 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 Board is responsible include:

- 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 activities;
- Approval of major changes to the 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, Annual Report and Accounts, and interim management statement, upon recommendation from the Audit Committee;
- Approval of dividend policy and the amount and form of interim and final dividend payments, for approval by shareholders as required;
- Ensuring relevant sustainability and ESG matters are incorporated into purpose, governance, strategy, decision-making and risk management;
- Overseeing the management of risk within the Group;
- 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 capital expenditure (other than major capital expenditure required to be approved by the Board), has been delegated by the Board to the Finance Committee and the Jardine Matheson group finance director 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.

The Board continued

Board activities

Set out below is a summary of the key areas of activity of the Board:

1. Strategy

To facilitate oversight and provide opportunities for the Board to challenge and measure progress against the Group's strategic priorities, at each Board meeting the Group Chief Executive and Group Chief Financial Officer provide updates on the operational and financial performance of the Group.

2. Operational Performance

Our businesses operate in highly dynamic markets and constantly need to innovate and adapt to remain relevant and achieve long-term, sustainable success. In the past years, Asia has seen a large influx of new capital, the rapid rise of digital companies and an increasing desire among consumers for convenient digital services. In response, we have put innovation, operational excellence and an entrepreneurial spirit at the heart of everything we do.

At each Board meeting, an update is provided on the operational performance of each business segment, which offers important insights into the opportunities and challenges faced. In addition, Directors are provided with a deeper understanding of how our varied markets function and the implications for stakeholder-related issues in order to equip the Board with the necessary perspective to enhance strategic decision-making.

3. Supporting Leadership Team and Team Members

The Group attaches great importance to attracting, developing and retaining leadership talent. We strive to develop leaders who are entrepreneurial in how they develop their businesses.

The Group is focused on enhancing performance management structures to recognise, reward and retain talent, with incentives aligned to drive shareholder value by building better, stronger businesses.

The Company is also committed to creating an inclusive workplace which reflects the diversity of the customer we serve across all the markets.

The Board is provided with regular people updates to enable it to support talent attraction, development and retention, and the progress of Diversity, Equity and Inclusion (DE&I) and team member engagement initiatives.

Board activities continued

4. *Financial Performance and Risk*

The Board oversees the actions the Company takes to deliver superior, long-term returns for our shareholders from our market-leading businesses. We aim for decisive management built on a disciplined, long-term approach to capital allocation and investment expertise, to maximise financial performance, maintain our financial strength and manage risks. Over time, and in addition to be being part of the Jardine Matheson group of businesses, we have developed deep relationships with a wide range of well-capitalised, leading banks and corporate partners, which support the Group's financial strength.

The Group Chief Financial Officer presents a detailed overview of the financial performance of the Group at each Board meeting, to ensure that Directors are provided with sufficient information to enable them to provide appropriate financial oversight, and have the opportunity to challenge management as appropriate. The information provided includes details of the financial performance of each business unit.

The Board also reviews the Group's capital allocation approach, dividend policy and shareholder returns, as well as the management of Group debt levels, interest cover and capital markets activities.

The Board has overall responsibility for risk management and is actively engaged in regular discussions about the principal risks faced by the Group. The Audit Committee, on behalf of the Board, undertakes an annual assessment of the effectiveness of the management of the principal risks facing the Group and actions taken to mitigate them, validating the key risks and approving any necessary actions arising from the risk assessments. This process takes into account the key risks faced, and the risk management approach taken, by the Group.

Maintaining and enhancing the risk and internal control environment is fundamental to the Group's governance framework and the Board's stewardship of the Company.

5. *Governance and Stakeholder Engagement*

A range of governance matters are discussed at Board meetings, including directors' and officers' insurance, litigation, regulatory changes, review and approval of statutory reporting and shareholder documentation and governance-related matters.

The Group Chief Financial Officer provides Directors with regular updates on stakeholder engagements, including engagement with shareholders, governments, civil society and other relevant third-parties, and relevant regulatory developments. Increasing the Directors' understanding of stakeholder views and priorities, and the actions being taken by the Group to address them, supports the Board's decision-making.

Updates from the Group Chief Financial Officer provide the Board with feedback on investor views and expectations, visibility of market conditions, share price performance, shareholder returns and the future outlook.

The Group Chief Executive and relevant Management Committee members provide the Board with Sustainability updates twice a year, which include the progress being made by the Group in progressing sustainability priorities, including achieving climate action objectives, particularly in relation to decarbonisation, as well as updates on responsible consumption and social inclusion initiatives.

The Committee Chairs provide updates on the activities of the Committees at the Board meeting following each Committee meeting.

Board Composition and Operational Management

The Board's composition and the way 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 presence of Jardine Matheson representatives on the Board and its Committees of the Company 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. It also strengthens the ability of management to work effectively together in exploiting the full range of the Jardine Matheson group's commercial and organisation strengths.

As at 10 March 2025, the Company comprises eight Directors, four of whom (50%) – Dave Cheesewright, Weiwei Chen, Christian Nothhaft and Elaine Chang, are considered as independent, taking into account the relevant considerations under the Code.

There were a number of Board changes during and subsequent to the year under review: Anthony Nightingale retired from the Board on 31 January 2024. On 22 July 2024, Graham Baker joined the Board as Non-Executive Director and Adam Keswick stepped down from the Board. The Company further appointed Tom van der Lee as the Group Chief Financial Officer and Executive Director in place of Clem Constantine on 1 October 2024. On 17 February 2025, Elaine Chang joined the Board as an INED and Ben Keswick stepped down from the Board. There are detailed plans in place to ensure orderly succession for the Board.

The names of all the Directors and brief biographies appear on pages 85 and 86 of this Annual Report.

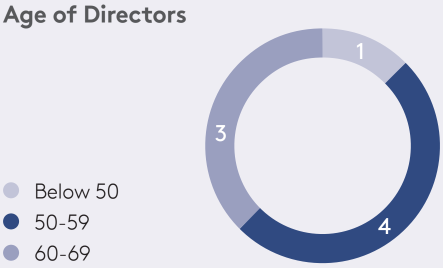
John Witt has held the role of Chairman since 22 July 2024. Scott Price has been Group Chief Executive since 1 August 2023.

The Board has considered that there is a clear division of responsibilities among the Chairman and the Group Chief Executive to ensure an appropriate balance of power and authority is maintained at all times.

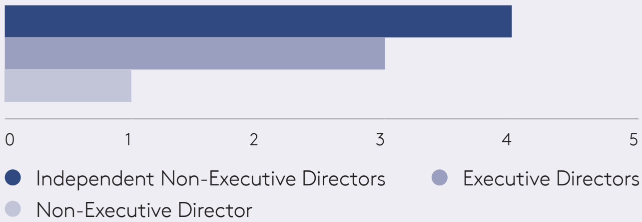
Board Composition and Operational Management continued

Board composition as at 10 March 2025:

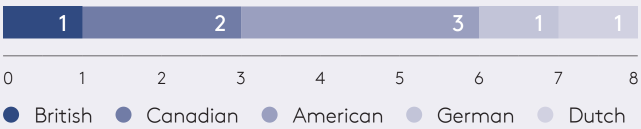
Age of Directors



Capacity of Directors



Nationality of Directors



Tenure of Directors

Directors' Experience

Board Composition and Operational Management continued

The Board has considered the diversity of the Company's Board and executive management in the context of the requirements under the UK Listing Rules that UK listed companies should publish information on the gender and ethnic representation of their Board and executive management. As at 31 December 2024, being the reference date for the purposes of 22.2.30R(1)(a) of the UK Listing Rules which require the disclosure of certain diversity statistics, and as shown below:

- The Board met its target of having one Director from a minority ethnic background;
- The Company does not currently meet the target of the Board comprising at least 40% female directors, but will continue to take DE&I considerations into account for future Board appointments; and
- The Board does not currently meet the target to have a female director occupying one of the senior Board positions (Chairman, Group Chief Executive or Group Chief Financial Officer). The Directors who hold these roles were appointed following formal, rigorous and transparent nomination procedures and are the most suitable and experienced individuals for their roles and the Group's needs. The Board will continue to take DE&I considerations into account for future appointments for these roles.

The Company did not meet the targets under the UK Listing Rules of the Board comprising at least 40% female directors, and having one of the senior Board positions occupied by a female director, due to the significant change to the composition of the Board and executive management which would be required to meet these requirements. The Company has taken substantive steps to increase the diversity of the Board. A second female INED was appointed in February 2025, bringing the position of female directors on Board to 25%. The Company will continue to take DE&I considerations into account with respect to future appointments of directors and executive management positions.

The table below, which follows the format and categories prescribed by the UK Listing Rules, illustrates the ethnic background and gender diversity of the Board and executive management – which includes the Company Secretary – but excludes administrative or support team members pursuant to 22.2.30R(2) of the UK Listing Rules, as at 31 December 2024, which is our chosen reference date in accordance with the UK Listing Rules[1].

As at 31 December 2024	Number of Board members[2]	Percentage of the Board[2]	Number of senior positions on the Board (Chairman, Group Chief Executive and Group Chief Financial Officer)	Number in executive management (Management Committee and Company Secretary)[3]	Percentage of executive management (Management Committee and Company Secretary)[3]
Gender diversity					
Men	7	87%	3	8	67%
Women	1	13%	–	4	33%
Not specified/prefer not to say	–	–	–	–	–
Ethnic diversity					
White British or other White (including minority-white groups)	7	87%	3	4	33%
Mixed/Multiple Ethnic Groups	–	–	–	1	8%
Asian/Asian British	1	13%	–	7	59%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

[1] Data relating to the gender and ethnic diversity of the Board and executive management was gathered by the Company Secretary via the collection of each individual's identification documents, which are held within the Company's secure filing system.

[2] Number of board members and board gender and ethnic diversity percentages have changed following the appointment of Elaine Chang and stepping down of Ben Keswick on 17 February 2025.

[3] Number of executive management and executive management's gender and ethnic diversity percentages have changed following the stepping down of Danni Peirce on 18 January 2025 and appointment of Yoep Man on 10 February 2025.

Board Composition and Operational Management continued

The Company has a Board Diversity Policy that guides appointments to the Board and its Committees. There is no separate Diversity Policy for the Committees. DE&I considerations are, and will be, taken into account for these appointments where relevant.

Chairman

The Chairman's role is to lead the Board, ensuring its effectiveness while taking account of the interests of the Company'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. The Chairman 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 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 Group Chief Executive, an appropriate focus on attracting and retaining the right people and carrying out succession planning for executive management positions;
- Creating a culture of openness and transparency at Board meetings;
- Building an effective Board supported by a strong governance framework;
- Leading the succession planning for the Group Chief Executive;
- 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 Directors and Non-Executive Directors, including INEDs.

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 Finance Committee. In addition, the Group Chief Executive has day-to-day operational responsibility for:

- Effective management of the Company;
- Leading the development of the Company's strategic direction and implementing the strategy approved by the Board;
- 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 updates to the Board on the Group's performance;
- Overseeing the Group's approach to capital allocation, business planning and performance;
- Ensuring, together with the Chairman, an appropriate focus on attracting and retaining the right people and carrying out succession planning for executive management positions; and
- Fostering innovation and entrepreneurialism to support the growth of the Group's businesses.

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 meetings when appropriate to deal with urgent matters that arise between scheduled meetings. Board meetings are usually held in different locations around the Group's markets.

The Board receives high-quality, up-to-date information in advance of each meeting, 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 Directors of the Company, who are based outside Asia, visit the region regularly to review and discuss the Group's business and inspect the Group's assets and various banners. The knowledge these Directors have of the Group's affairs, as well as their experience of the wider Group, provides significant value to the ongoing review by the Company of the Group's performance 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 2024 Board meetings:

	Meetings eligible to attend	% Attended
Current Directors		
Executive Directors		
John Witt	4/4	100%
Scott Price	4/4	100%
Tom van der Lee[1]	1/1	100%
Non-Executive Directors		
Dave Cheesewright	4/4	100%
Weiwei Chen	4/4	100%
Christian Nothhaft	4/4	100%
Graham Baker[2]	2/2	100%
Elaine Chang[3]	n/a	n/a
Former Directors		
Anthony Nightingale[4]	–/–	n/a
Adam Keswick[5]	2/2	100%
Clem Constantine[6]	3/3	100%
Ben Keswick[7]	4/4	100%

[1] Tom van der Lee joined the Board on 1 October 2024. In 2024, only one Board meeting was held on or after 1 October 2024.

[2] Graham Baker joined the Board on 22 July 2024. In 2024, two Board meetings were held on or after 22 July 2024.

[3] Elaine Chang joined the Board on 17 February 2025.

[4] Anthony Nightingale stepped down from the Board on 31 January 2024.

[5] Adam Keswick stepped down from the Board on 22 July 2024. In 2024, two Board meetings were held before 22 July 2024.

[6] Clem Constantine stepped down from the Board on 1 October 2024. In 2024, three Board meetings were held before 1 October 2024.

[7] Ben Keswick stepped down from the Board on 17 February 2025.

Appointment and Retirement of Directors

There are detailed plans in place to ensure orderly succession for the Board. The Board is focused on development and succession plans at both Board and executive level, to strengthen the management pipeline. The Chairman, in conjunction with other Directors, reviews the size, composition, tenure and skills of the Board. The Chairman leads the process for new appointments, monitors Board succession planning, and considers independence, diversity, inclusion and Group governance matters, as well as relevant expertise and experience, when recommending appointments to the Board. Non-Executive Directors are appointed on merit, against objective criteria, and are initially appointed for a three-year term.

Prior to appointment, the Chairman assesses the commitments of a proposed candidate, including other directorships, to ensure they have sufficient time to devote to the role. The Chairman also regularly assesses the time commitments of Directors, to ensure that they each continue to have sufficient time for their role. He also considers the potential additional time required in the event of urgent corporate events. Any Director's external appointments, which may affect existing time commitments relevant to the Board, must be agreed with the Chairman in advance.

Upon appointment, all new Directors receive a comprehensive induction programme over several months. This is designed to facilitate their understanding of the business and is tailored to their individual needs. The Group Chief Financial Officer and the Company Secretary are responsible for providing a briefing covering the Company's core purpose and values, strategy, key areas of the business and corporate governance.

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 their appointment. Directors are then 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 Directors and Non-Executive Directors, but the requirement to retire by rotation does not extend to the Chairman of the Company. The Company has determined that it is appropriate for the Chairman to be exempted from the retirement by rotation requirements. This is because an important part of the Group's strong governance is corporate stability, which is provided by the stewardship over the long-term of the business by family, as well as related and like-minded shareholders, who hold a significant proportion of the shares of the Company. The Group believes that its stakeholders gain significant value from the long-standing governance approach the Group has taken.

In accordance with Bye-Law 85, Weiwei Chen will retire by rotation at the forthcoming AGM and, being eligible, offer herself for re-election. In accordance with Bye-Law 92, Tom van der Lee, Graham Baker and Elaine Chang will also retire and, being eligible, offer themselves for re-election. Tom van der Lee has a service contract with a subsidiary of the Company with a notice period of six months. Weiwei Chen, Graham Baker and Elaine Chang do not have a service contract with the Company or its subsidiaries.

Company Secretary

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

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, as well as 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 appropriate delegations of authority in place.

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.

The Group's delegation of authority framework establishes a clear pathway for decision-making. This ensures that judgements are made at the correct business level by those team members most equipped to do so. Every decision made aligns with the Group's culture and values, taking into account the advantages, risks, financial consequences, and effects on all stakeholders. The Board, supported by the Audit Committee, places significant emphasis on maintaining high governance standards throughout the Group. This focus assists the Board in accomplishing its strategic goals and fulfilling key performance objectives.

Directors' Responsibilities in respect of the Financial Statements

Under the Bermuda 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 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 on a consistent basis 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 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 10 March 2025.

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 page 149.

Engagement with Shareholders, Other Stakeholders and Team Members

We engage regularly with our stakeholders, including our team members, investors, creditors, partners and government and this enables the Company to understand their perspectives and ensures we address their expectations and shape our actions accordingly.

The Group regularly engages with its shareholders. For the full year 2024, two results briefings and 35 analyst and institutional shareholder meetings have been held, to enable shareholders to ask questions of executive management, discuss concerns and hear feedback on areas 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 executive management, who are ultimately responsible.

Securities Purchase Arrangements

The Directors have the power, under the Bermuda Companies Act and the Company's Memorandum of Association, to approve the Company to purchase its own shares. Any shares so purchased are required to be treated as cancelled and, therefore, reduce the Company's issued share capital. The Board regularly considers the possibility of share repurchases. When doing so, it considers 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 strives to support the growth of the next generation of leaders within our businesses, ensuring our leaders can develop the necessary skills, capabilities and experiences they need to succeed.

We also aim to create a high performance culture among our team members and support this by linking our incentive structures to focus on group, format and banner financial performance and value-creation for shareholders over a longer-term horizon.

The Group also conducts an annual Your Voice Counts survey. In 2024, 91% of total number of team members took part in the survey sharing feedback. Follow-up actions include listening sessions ensuring engagement strategies are focused and effective.

Annual General Meeting

The Company's 2025 AGM will be held on 2 May 2025. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of AGM that is published at the same time as this Annual Report and can be found at www.DFIretailgroup.com/investors/financials.

Corporate Website

The Company's corporate website, which contains a wide range of additional information of interest to investors, can be found 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 clearly set out in its Code of Conduct, a set of guidelines to which every team member must adhere and which is reinforced and monitored by regular training and compliance certification process. The Code of Conduct requires that all Group companies and team members comply with all laws of general application, all rules and regulations that are industry-specific and proper standards of business conduct. In addition, the Code of Conduct prohibits the giving or receiving of illicit payments. It requires that all Directors and team members must be fully aware of their obligations under the Code of Conduct and establish procedures to ensure compliance at all levels within their businesses.

Data Privacy

The Group is committed to being a responsible custodian of the data entrusted to it by customers, team members, 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 underline 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, which supplement existing channels in the business units to assist in raising matters of concern and report cases of suspected illegal or unethical behaviour. This service, which aims to help foster an inclusive, safe and respectful workplace, is available 24 hours a day in multiple local languages and is accessible through several channels. Reports may be lodged by one of three channels: email, website or telephone hotline. Each report is allocated a unique case number which enables follow-up with the reporter, if appropriate. 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, if they choose to, will be notified of the outcome.

All reports are treated confidentially, and no retaliation against a person reporting a matter of concern in good faith will be tolerated.

Diversity, Equity and Inclusion

We understand that our greatest asset is our people. The Group strives to create an inclusive work environment where every individual has an equal opportunity to grow and thrive. We recognise the value of diverse perspectives and experiences in driving innovation and fostering a positive workplace culture.

The Group applies the principle that team members 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 team members, regardless of ethnicity, gender, age, sexual orientation, disability, background or religion, who 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 hire the best people from the communities in which they operate most suited to their needs.

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

To build an inclusive workplace which helps progress our ambitions across the Group, we incorporate DE&I principles:

- Ongoing collaboration to ensure a set of inclusive working arrangements and policies to support DE&I;
- 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; and
- 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 executive management under ongoing review to ensure that it adapts to the changing business landscape. The Company is actively focused on increasing gender diversity in leaderships in the organisation.

Committees

The Board is supported by the activities of its Committees (Nominations, Remuneration, Audit and Finance 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 has established a Nominations Committee in March 2021. The role of the Nominations Committee is governed by its terms of reference. The key responsibilities of the Nominations Committee are to:

- Review the composition, structure and size of the Board and its committees and make recommendations to the Board on any changes to enhance Board effectiveness;
- Support the Chairman to lead the process for appointments of Non-Executive Directors and nominate suitable candidates to the Board;
- Assess suitable candidates based on their knowledge, experience, diversity, skills, merit and other relevant objective criteria, taking into account their ability to meet the required time commitments;
- Oversee the development of succession pipelines for members of the executive management to ensure talent is identified and nurtured to meet the challenges and opportunities facing the Group;
- Review the overall talent metrics for the Company, including for example diversity and retention metrics; and
- Oversee an annual evaluation of the effectiveness of the Board and Committees, if and to the extent appropriate, and the implementation of measures identified by previous Board effectiveness evaluations.

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 John Witt, Christian Nothhaft and Raymond Co (Jardine Matheson's Group Head of People & Culture). The Nominations Committee meets at least annually, 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 Board and executive management. Candidates for appointment as Executive Directors of the Company or other executive 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 Nominations Committee pays particular attention to the Asian business experience and relationships that they can bring. The Group Chief Executive and the Group Chief People & Culture Officer will generally attend meetings of the Nominations Committee pertaining to the Group's talent strategy, metrics, skill & experience assessment and succession planning of the executive management.

Remuneration Committee Report

Chair's Introduction

On behalf of the Remuneration Committee, I am pleased to present shareholders with the Remuneration Committee Report for the year ended 31 December 2024. This report sets out the Group's approach to remuneration for our team members and, in particular, the link between the Group's strategy and its remuneration framework, the link between performance and reward, and the Directors' fees paid in 2024.

The Group's remuneration policy aims to align remuneration with performance and foster a high-performance culture. During the year, we undertook a comprehensive review of the remuneration outcomes for 2024. We revamped the Short-term Incentive Plan (STIP) to emphasis a balanced 50/50 performance measurement of both business performance and individual performance, consistent for all STIP eligible team members. In 2024, we also redesigned the Long-term Incentive Plan (LTIP) by adopting a dual-metric approach in measuring performance share units through return on capital employed and relative total shareholder return ranking against relevant retail peers. The redesign ensures that both short-term and long-term incentives and awards align with long-term company performance and shareholder interests. Executive compensation is benchmarked against market standards to retain top talent. The implementation of these changes underscores the Group's commitment to rewarding performance, and maintaining competitive remuneration, ultimately contributing to a high-performance culture.

We recognise the importance of aligning performance with remuneration outcomes in creating long-term value for the Group and delivering total shareholder return. This report demonstrates our commitment to ensuring that the remuneration philosophy and framework support the Group's strategy, promote sustainable success, and align executives' interests with those of our shareholders.

Details of the Remuneration Committee's key responsibilities and the Group's remuneration policy are set out in below sections. The full terms of reference are available on the Company's website at www.DFIretailgroup.com.

John Witt
Chair of the Remuneration Committee

The Group's Remuneration Philosophy and Framework for Rewarding Senior Leaders

At the heart of the Group's remuneration framework is our commitment to delivering competitive remuneration for strong performance. This framework serves to attract, motivate, and retain team members at all levels, while aligning the interests of senior leaders and shareholders.

Our rewards programmes are designed to support our overall business strategy and objectives, promoting a fair and well-governed long-term approach to compensation. We ensure that our pay practices are aligned with our purpose and values, closely tying pay to performance at the group, business, and individual levels. This balance encompasses both short-term and multi-year performance, rewarding behaviours that maintain strong governance and sustained value for the Group.

The Group's approach ensures fair compensation, free from considerations of gender, race, ethnicity, age, disability, and other non-performance-related factors. It also considers risks, control, conduct, and sustainability development goals in setting performance targets, ensuring that both 'what' is achieved and 'how' the results are achieved are considered.

The pay mix and structure of remuneration vary from senior leaders to more junior team members and are reviewed annually against market benchmarks. However, the link between remuneration and strategic goals is consistent across all levels of the organisation. The nature of goals used for remuneration varies depending on the team member's level, but the Company ensures that goals are specific, relevant, measurable, and time bound.

Accordingly, at senior leaders levels, a greater portion of remuneration is considered as variable pay that is 'at risk', depending on performance levels against goals and long-term shareholder return performance. At more junior levels, a greater portion of remuneration is directed toward fixed pay. The Group strives to provide an appropriate amount of remuneration 'at risk' for senior leaders to achieve both short- and long-term goals.

Directors' Remuneration

Shareholders decide in general meetings the Directors' fees which are payable to all Directors other than the Group Chief Executive and the Group Chief Financial Officer, 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 (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, and this total sum will be kept under review over time. Executive Directors are paid a basic fixed salary as well as discretionary annual incentive bonuses and receive certain team member benefits from the Group. Non-Executive Directors do not receive bonuses or any other incentive payments or retirement benefits.

The level of fees paid to the Company's Non-Executive Directors is kept under regular review. Fees are benchmarked against a peer group of similar companies and a report is reviewed by the Board every two years.

Directors' Remuneration continued

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 the financial year 2024 is set out in the table below. Fees are annual fees, unless otherwise stated:

US$ (per annum)

Chairman fee:	110,000
Base Director fee:	100,000
Audit Committee fee (Chair):	45,000
Audit Committee fee (Member):	35,000
Remuneration Committee fee (Chair):	25,000
Remuneration Committee fee (Member):	20,000
Nominations Committee fee (Chair and Member):	15,000

Directors	Director Fee US$	Audit Committee Fee US$	Remuneration Committee Fee US$	Nominations Committee Fee US$	Total Fees US$
Current Directors					
1 John Witt (Chairman)[1]	110,000	–	11,134	15,000	136,134*
2 Scott Price	–	–	–	–	–
3 Tom van der Lee[2]	–	–	–	–	–
4 Dave Cheesewright	100,000	35,000	–	–	135,000
5 Weiwei Chen[3]	100,000	44,180	–	–	144,180
6 Christian Nothhaft[4]	100,000	–	8,907	6,680	115,587
7 Graham Baker[5]	44,536	35,000	–	–	79,536*
8 Elaine Chang[6]	–	–	–	–	–
Former Directors					
9 Anthony Nightingale[3]	8,197	3,689	–	–	11,886
10 Adam Keswick[7]	55,464	–	–	8,320	63,784
11 Clem Constantine[2]	–	–	–	–	–
12 Ben Keswick[1]	105,546	–	–	8,320	113,866*
TOTAL	**623,743**	**117,869**	**20,041**	**38,320**	**799,973**

* Fees surrendered to Jardine Matheson.

1 John Witt appointed as Chairman, and the Chair of the Remuneration and Nominations Committees on 22 July 2024, succeeding Ben Keswick who stepped down from the Board on 17 February 2025.

2 Tom van der Lee was appointed as the Group Chief Financial Officer and Executive Director in place of Clem Constantine on 1 October 2024.

3 Weiwei Chen was appointed as the Chair of the Audit Committee on 31 January 2024, succeeding Anthony Nightingale who stepped down from the Board.

4 Christian Nothhaft was appointed as a member of the Remuneration and Nominations Committees on 22 July 2024.

5 Graham Baker joined the Board as a Non-Executive Director and resigned as a member of the Remuneration Committee on 22 July 2024.

6 Elaine Chang joined the Board as an INED on 17 February 2025 and she did not receive any Director's fees in 2024.

7 Adam Keswick stepped down from the Board and resigned as a member of the Nominations Committee on 22 July 2024.

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 has established a Remuneration Committee in November 2021. The role of the Remuneration Committee is governed by its terms of reference. 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 Company's overall rewards strategy and remuneration framework;
- 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 John Witt, Christian Nothhaft and Raymond Co (Jardine Matheson's Group Head of People & Culture). The Group Chief Executive and the Group Chief People & Culture Officer will generally attend meetings of the Remuneration Committee. The Remuneration Committee shall meet at least twice a year and as required, or by circulation of Committee circulars which make 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, both short- and long-term. Incentive compensation is evaluated based on the business performance of the Group, business unit, and individual contributions in executing to the Group's strategic framework of 'Customer First, People Led, Shareholder Driven'. The incentive plan for senior leaders is structured to align with shareholder interests, based on total shareholder return and key business performance targets.

Remuneration Outcomes in 2024

For the year ended 31 December 2024, the Directors received from the Group US$8.9 million *(2023: US$19.3 million)* in Directors' fees and team member benefits, being:

	2024 **US$m**	2023 US$m
Directors' fees	**0.8**	0.9
Short-term team member benefits including salary, bonuses, accommodation and deemed benefits in kind	**6.5**	17.3
Post-employment benefits	**0.1**	0.1
Share-based payments	**1.5**	1.0

The information set out in the section above headed 'Remuneration Outcomes in 2024' forms part of the audited financial statements.

Share Schemes

Share-based long-term incentive plans have also been established to provide incentives for eligible team members (including Executive Directors and executive management). 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.

Directors' Share Interests

The Directors of the Company in office on 10 March 2025 had interests* as set out below in the ordinary share capital of the Company. These interests include those notified to the Company regarding the Directors' closely associated persons*.

Scott Price	175,531
Tom van der Lee	98,404

* Within the meaning of MAR

In addition, Scott Price and Tom van der Lee held deferred share awards regarding 1,145,858 and 247,378 ordinary shares, respectively, issued pursuant to the Company's share-based long-term incentive plans.

Audit Committee Report

Chair's Introduction

I am delighted to present the Audit Committee's report for the year ended 31 December 2024. In alignment with the Group's commitment to robust governance, the Audit Committee convened three times during the year, including an additional meeting in December. This extra session was dedicated to identifying potential challenges that could affect the year-end results, providing the Group with proactive insights.

Throughout 2024, the Audit Committee has concentrated on navigating a complex macroeconomic landscape, focusing particularly on enhancing controls to counter payment fraud and cash theft, goodwill impairments for San Miu in Macau, Lucky in Cambodia, Robinsons Retail Holdings Inc in the Philippines, and the Yonghui divestment and resolving key issues with the Group's IT and Cybersecurity as part of ensuring the Group's financial integrity.

We have diligently reviewed significant accounting judgements and estimates made by management, ensuring the transparency and accuracy of the Company's financial reports. More details on these assessments can be found on pages 172 to 174.

In addition, the Audit Committee has overseen the development of the Group's non-financial reporting framework, taking into account the latest trends in environmental, social, and governance (ESG) reporting. We have received consistent updates on the overarching control environment, particularly the mechanisms supporting financial reporting. Any identified deficiencies have been addressed with input from DFI Internal Audit, and our external auditor, PwC.

The Committee has also engaged in a thorough review of the Company's principal risks, utilising business reviews, focused engagements, and continual feedback from management, DFI Internal Audit, and PwC. With the Group unveiling a new business strategy in May 2024, centred on expanding digital retail capabilities, we have revisited the risk register bi-annually to align with these strategic objectives and current market dynamics. The updated risk register reflects these adjustments. Further information is set out in the principal risks and uncertainties on pages 214 to 222.

Our role extends to evaluating the effectiveness of the Group's financial reporting processes, including ESG and climate-related disclosures, along with the systems of internal control and risk management. We also oversee the integrity of both external and internal audit processes.

Details of the Audit Committee's key responsibilities are set out in below sections. The full terms of reference are available on the Company's website at www.DFIretailgroup.com.

Weiwei Chen
Chair of the Audit Committee

Audit Committee

The Board has established an Audit Committee in November 2021. The Audit Committee consists of a minimum of three members, the current members of which are Weiwei Chen (Chair of the Audit Committee and INED), Graham Baker (Financial Expert) and Dave Cheesewright (INED). None of them is directly involved in operational management.

The Company considers that the Audit Committee has a majority of independent members. Weiwei Chen and Graham Baker are members of the Audit Committee with recent financial experience and expertise. Graham Baker and Dave Cheesewright also have a deep understanding of risk management.

The Group Chief Executive and Group Chief Financial Officer, together with representatives of the internal and external auditors, also attend the Audit Committee meetings by invitation. Other individuals may attend part of a meeting for specific agenda items as appropriate. The Committee meets on a scheduled basis three times a year (the number of annual meetings was increased from two to three in 2024 as part of the Group's focus on improving its governance approach further and strengthening the oversight of the Committee).

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;
- Independent oversight for cybersecurity;
- Monitoring and reviewing the effectiveness of the internal audit function and the Group's external auditor;
- Considering the independence and objectivity of the external auditor; and
- Reviewing and approving the level and nature of non-audit work performed by the external auditor.

Before completion and announcement of the Company's half-year and full-year results, a review is undertaken by the Audit Committee, with the executive management, of the Company's financial information and any issues raised in connection with the preparation of the results, including the adoption of new accounting policies. A report is also received by the Committee from the external auditor. The external auditor also have access to the entire Board when necessary, in addition to the Group Chief Executive, Group Chief Financial Officer and other executive management. The Audit Committee confirms, to the best of its knowledge, the consolidated financial statements prepared in accordance with IFRS, including International Accounting Standards and Interpretations as issued by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.

The matters considered by the Audit Committee during 2024 included:

- Reviewing the 2023 annual financial statements, 2024 half-year financial statements, interim management statement, financial statements as at 31 October 2024 and full year forecast;
- Reviewing significant actions and judgements of management in relation to changes in accounting policies and practices to ensure clarity and accuracy of disclosures and compliance with new accounting standards;
- Receiving reports from internal audit on the status of the control and compliance environment of the Group, with particular focus on the mechanisms supporting financial reporting, 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 independence, audit scope and fees of PwC, and recommending their re-appointment as the external auditor at general meeting;
- Conducting a review of the terms of reference of the Audit Committee; and
- Reviewing the ESG Assurance Plan submitted by PwC and the full-year projections on ESG performance.

Audit Committee Attendance

The table below shows the attendance at the scheduled 2024 Audit Committee meetings:

Members of the Audit Committee	Meetings eligible to attend	% Attended
Current Members		
Weiwei Chen (Chair)*	3/3	100%
Dave Cheesewright	3/3	100%
Graham Baker	3/3	100%
Former Member		
Anthony Nightingale (Former Chair)†	–/–	n/a

* Weiwei Chen was appointed as the Chair of Audit Committee on 31 January 2024.
† Anthony Nightingale resigned from the Audit Committee on 31 January 2024.

Auditor Independence and effectiveness

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

- Reviewing the nature of non-audit services (including the amending of the 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 audit partner after seven years;
- Independent reporting lines from the external auditor to the Audit Committee and providing an opportunity for the external auditor to discuss with the Audit Committee;
- Restrictions on the employment by the Group of certain team members of the external auditor; 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 2024 of the external auditor's independence and effectiveness found that they 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.

At each AGM of the Company, the Company is required to appoint an external auditor to hold office until the conclusion of the next AGM. The Company's shareholders approved the appointment of PwC HK as the Company's external auditor at the AGM on 8 May 2024.

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.

DFI internal audit function (DFI Internal Audit) is appointed to assist the Audit Committee in fulfilling its assurance and reporting roles. DFI Internal Audit adheres to international standards for the professional practice of internal audit. To safeguard its independence and objectivity, DFI Internal Audit reports functionally to the Audit Committee of the Company and has full and unrestricted access to all business functions, records, properties and personnel.

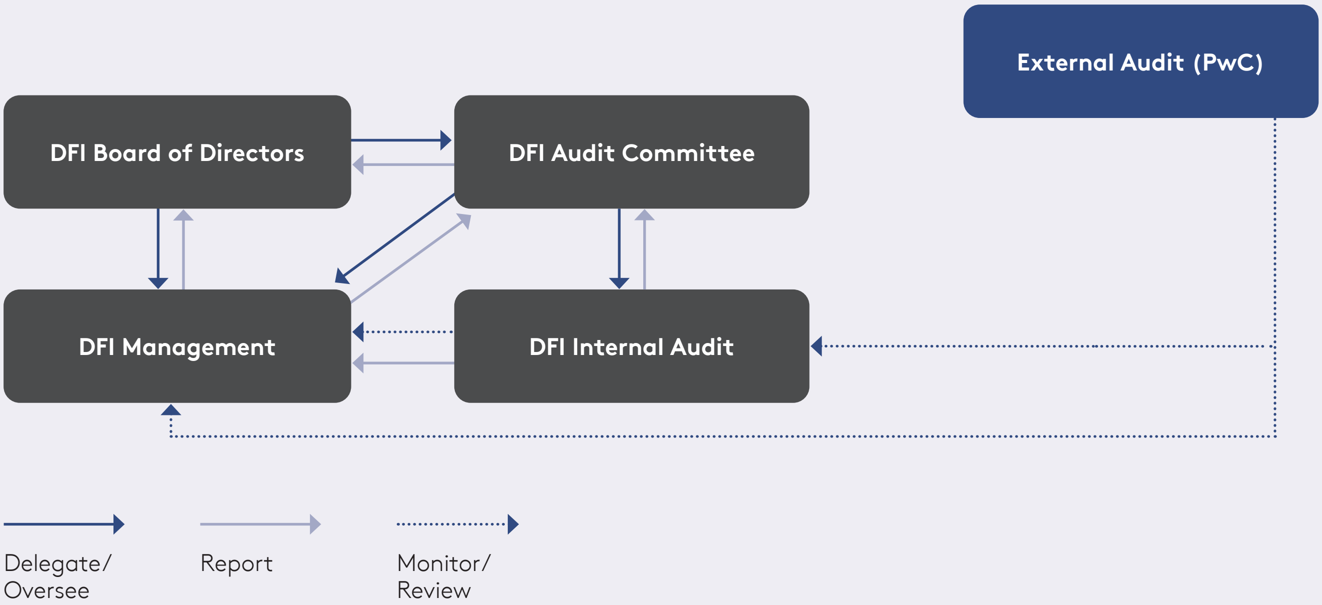
The internal control systems are designed to manage, rather than eliminate, business risk; to help safeguard the Group's assets against fraud and other irregularities; and give reasonable, but not absolute, assurance against material financial misstatement or loss.

Management Committee 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. The Group's risk management process and risk registers are reviewed regularly.

The Company's principal risks and uncertainties are set out on pages 214 to 222.

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:

A 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 Company's Board of Directors via Audit Committee.

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, 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 and unemployment rate. Such developments might increase operating costs, reduce consumers' purchasing power and 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

Competitive Market Environment, Consumer Behaviour Change and Digital Transformation Risk

Description

Market risk refers to the potential for a company's financial performance to be adversely affected by changes in market conditions. The Group's businesses operate in areas that are highly competitive and failure to compete effectively, whether in terms of price, technology, property site or levels of service, or 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 the Group's earnings. Significant competitive pressure may also lead to reduced margins.

While the Group's regional diversification does help to mitigate some risks, a significant portion of the Group's revenues and profits continues to be derived from our operations in Hong Kong. Although Hong Kong has seen a return of tourists, this is still below pre-pandemic levels. With the increasing integration with the Greater Bay Area, more citizens opt to shop across the border due to price differences and wider range of product choices. Recent increased emigration and a decline in net population also impact the Group, leading to local customer base and spending power reduction.

With technology advancements, consumers now have heightened expectations for their online shopping experiences. Our digital strategy will continue to evolve to meet these expectations. While social media presents significant opportunities for the Group's businesses to connect with customers and the public, it also creates potential risks for companies to monitor, including potential damage to brand equity or reputation from negative publicity on these media, which may in turn adversely affect 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.
- Continue accelerating the Group's Own Brand strategy.
- Closely monitoring price index against competitor and market and rationalising promotion to reduce unnecessary price investment in price inelastic products.

Financial and Treasury Risk

Description

The Group prepares financial statements in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations as issued by the International Accounting Standards Board. These standards may be subject to revisions and/or supplements from time to time, which could in turn have significant impact on the Group's financial statement presentation, financial position, or results of operations.

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

The financial and treasury risk the Group faces includes i) foreign exchange-related risk: this refers to risks arising from daily operations and other 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: potential adverse interest rate fluctuations through the impact of rate changes on interest-bearing liabilities and assets; and iii) securities price risk: the Group's financial performance may be negatively impacted 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.
- Continuous monitoring on accounting standards and reporting requirements updates.

The detailed steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on page 37 and note 40 to the financial statements on pages 162 to 171.

Principal Risks and Uncertainties continued

Leasing, Franchises, Concessions and Key Contracts Risk

Description

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

Other factors relating to lease arrangements of stores such as competition with other potential tenants or rental increase could adversely impact store profitability, and the Group's offline expansion strategy.

Our convenience business mainly operates on a sub-franchise model and offers the Group with expansion opportunities. However, the risk that we may be unable to recruit suitable franchisees and potential inconsistency in sub-franchisee's operations could adversely affect our earnings and reputation.

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.
- Negotiate to commit to a longer lease term for low-rent-stores with renewal options.
- Seek space expansion of existing stores with high sales potential, or downsize stores with low sales intensity.
- Leverage the Group's resources by pooling stores of different formats and banner to create high stakes and enhance bargaining power.

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, environmental protection, 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.

The Group's businesses could also be impacted by worldwide or geographical political tensions. These include US-China trade war, the Ukraine War and Middle East Conflicts, which indirectly impact our businesses from different aspects e.g. product supply, customer preference and insurance coverage.

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 and arrange intensive training for key personnel to understand and work towards full compliance.
- Updated/Fit-for-purpose crisis management plans in place.

Cybersecurity and Technology Risk	**Description** The Group faces an increasing number of cyber threat. With the increase volume of customer data collected via loyalty programs and alongside our ecommerce expansion strategy, 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. There are also increasing cyber fraud activities such as phishing email or SMS with fake websites, where team members and customers are deceived to provide confidential information or make payment to fraudsters. These could also adversely impact the Group businesses image. The Group is heavily reliant on the integrity of 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. Existing and new unsupported systems with security vulnerabilities are also prone to performance issue and unable to support the Group's expansion strategy. 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 (labour shortage)	**Description** The competitiveness of an organisation depends on the quality and the availability of the people that it attracts and retains. The market has also seen a change in work preference (e.g. self-employed/ non-customers facing role/ remote working), driven by generational shift in workforce. A shortage of manpower to run stores and other unavailability of needed human resources may impact the ability of the Group's businesses to operate at full capacity, implement initiatives and pursue opportunities. **Mitigation Measures** • Proactive manpower planning and proactive hiring are in place. • Enhanced employer branding, training for team members and talent development plans. • Promote DE&I across the Group. • Total compensation in line with market benchmarking. • Review and expand recruitment channels to reach out more candidates, i.e. Facebook's recruitment page, LinkedIn recruitment and WhatsApp of related job group, recruitment booth, and direct mailing.

Principal Risks and Uncertainties continued

Environmental and Climate Related Risks

Description

Natural 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. Additionally, rising temperatures may lead to increased energy and refrigerant consumption, resulting in a higher carbon footprint.

With governments also taking a more proactive approach towards carbon taxes, renewable energies, waste reduction 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 among investors, governments and the general public, expectations from 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 for the Group and its businesses to meet key stakeholders' expectations.

There is potential for negative publicity and operational disruption arising from conflicts between activists and the Group's businesses that are perceived to be engaged in trade and activities that are environmentally unfriendly.

Mitigation Measures

- Established a Sustainability Committee, led by the Group Chief Executive and certain Management Committee members, actively involved in developing and implementing the decarbonisation strategy and targets while monitoring progress.
- Investing in energy and refrigeration efficiency initiatives to reduce energy consumption and optimise cooling system, addressing temperature rise and extreme heat.
- Budgeted US$15 million to US$20 million annually to the investment in scope 1 and 2 projects to ensure sufficient funding in reducing carbon footprints addressing low carbon technologies transition.
- Incorporated carbon emission assessments into new store openings and renewals and consider potential carbon pricing impacts in decision-making, managing the potential risk from carbon pricing.
- Implemented business continuity plans for all locations to ensure operational resilience to address typhoon and rainfall flooding.
- Implementing supplier diversification programme to diversify supply source from regions with more sustainable farming practice or less prone to climate impact to address increased production cost due to climate change.
- Innovating and developing new products or services that align with sustainability trends, such as sustainable packaging and Own Brand Low Carbon Rice, addressing consumer preferences change to low-carbon products.
- Improved ESG rating, particularly climate-related criteria to address increased investors and consumers concerns over climate change management by corporations.
- Conducting regular and comprehensive climate scenario analysis to identify vulnerabilities and opportunities, enabling informed decision-making to address the risks.
- Obtaining assurance on emission data disclosed and improve climate-related data quality and accounting control.
- Implemented compliance programme to ensure adherence to evolving regulations, including regular monitoring, and updating of policies and procedures.

Third-party Service Provider and Supply Chain Management Risk

Description

Third-party reliance risk refers to the availability and/or major disruption in operations of our key suppliers, rendering their inability to serve the Group's businesses. These can be linked to financial instability, cyber fraud or security threats, violation of legal and regulatory requirement and non-compliance to the Group's supplier code of conduct.

Supply chain risk refers to potential disruptions and uncertainties that can affect the flow of goods and services from suppliers to end consumers. These risks include dependence on key suppliers, suppliers quality fluctuations, geopolitical tensions, natural disasters and transportation delays. Changes in international trade policies or tariffs could also impact the availability and cost of goods.

All these factors could potentially lead to inventory shortages, financial losses due to business disruption, and reputation damage to the Group.

Mitigation Measures

- Ensuring protective terms and conditions in third-party service agreements, including vendors being contractually required to bear higher liability for failures to deliver or if they are responsible for a cyber incident at the Group's business.
- Having robust evaluation and selection procedures for vendors and third-party service providers, including an information security assessment where appropriate.
- Engaging suppliers only if they agree to comply with supplier's code of conduct where businesses require.
- Sourcing back-up suppliers, warehouses or other alternative plans.
- Maintaining strong relationships with suppliers that are designated by principals.
- Maintaining supplier insurance to cover logistics interruption.
- Ensuring early negotiation of new contracts for key service providers.
- Diversifying the product range to reduce the impact of disruptions to single products.
- Including third-party disruption scenarios as part of business continuity planning.

Principal Risks and Uncertainties continued

Health, Safety and Product Quality Risk

Description
Health and safety risks encompass the potential threats to the well-being of team members, customers, and contractors within the Group's operating environment. These risks can arise from workplace accidents, insufficient safety protocols, and exposure to hazardous materials which could lead to injuries or illnesses. High traffic in stores also increases the potential for incidents, while ensuring we adherence to health & safety regulations.

Product quality risk involves potential issues associated with the goods used or consumed by customers, which can lead to recalls, legal liabilities, and reputational damage to the Group. Risks may also arise from supplier quality issues, non-compliance with regulatory standards, or manufacturing defects.

Mitigation Measures
Health & Safety (H&S)
- Risk management programme used to identify and manage the risk of the Group's business operations.
- H&S inspection and incident management programme is designed to recognise potential hazards, enabling timely corrective actions to be taken to enhance workplace safety.
- H&S operational compliance is monitored via internal cross check programme.
- Management of fire safety, statutory equipment and first aid certificates.
- First aid policy is in place.
- Established a contractor H&S management programme.
- Contractors must have a contractual agreement in place to ensure that they comply with high expected levels of safety standards.
- Incorporating site safety plans in tenders and contracts.
- Routine safety training for all team members and sub-contractors.
- Disseminating safety materials such as signage and pictorial representations of safe work procedures.

Product Safety/Operational Food Safety
- All Own-Brand products have specifications, product quality and safety standards in place and are monitored via routine product surveillance assessments by a third party.
- Established a strong supplier qualification and surveillance programme.
- Suppliers must follow all the Group's policies and adhere to all local regulations.
- Operational compliance KPIs for food safety and health and safety.
- Comprehensive quality control measures in place in the Group's fresh production centres, distribution centres and retail stores.
- Effectiveness of food safety standards validated by third-party audits in retail stores, processing centres and distribution centres.

Other General
- Purchasing sufficient insurance coverage including team members compensation.
- Obtaining adequate product liability insurance.

Principal Risks and Uncertainties continued

Supplier-related Ethical Sourcing Risk	**Description** Supplier-related ethical sourcing risk refers to the risk of engaging with suppliers who do not align with the Group's ethical and sustainability goals. This includes limited transparency in complex supply chains, difficulties in verification and auditing, and potential non-compliance by suppliers such as violation of employment rights related regulations at production sites. Our business advocates for protecting human rights in our own operations and business relationships. It includes ensuring fair wages and safe working conditions for team members, privacy protection, working environment free from discrimination and abuse. Failure to manage such risks could lead to material reputational damage, regulatory fines and negative financial impact.
	Mitigation Measures • Establish and communicate on supplier's code of conduct. • Risk-based Supplier Ethical Audit requirement to ensure compliance with ethical standards and code of conduct. • Provide training and education to internal team members and suppliers about ethical sourcing and sustainability best practices. • Maintain effective 'Speak Up' hotline for any non-compliance or workplace concern to be raised. • Implement survey for team members and business partners to understand ethical environment in our operation.

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.