# Independent Auditor's Report

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

## Report on the Audit of the Consolidated Financial Statements

### Opinion

**What we have audited**

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

- the Consolidated Balance Sheet at 31 December 2024;
- the Consolidated Profit and Loss Account for the year then ended;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended; and
- the Notes to the Financial Statements, comprising material accounting policy information and other explanatory information.

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

**Our opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

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

## Our Audit Approach

**Overview**

*Materiality*

- Overall Group materiality: US$22.1 million *(2023: US$22.9 million)*, based on 0.25% *(2023: 0.25%)* of the total revenue of the Group.

*Audit scope*

- A full scope audit was performed on five entities including three subsidiaries and two associates, Maxim's Caterers Limited (Maxim's) and Yonghui Superstores Co., Ltd (Yonghui).
- These entities, together with audit of specific balances and transactions performed on six other subsidiaries, and procedures performed on central functions and at the Group level, accounted for 90% of the Group's revenue, 87% of the Group's profit before tax, 72% of the Group's underlying profit before tax.

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

- Recoverability of goodwill for San Miu Macau;
- Carrying value of investment in Robinsons Retail Holding, Inc. (Robinsons Retail); and
- Divestment of interest in Yonghui.

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

## Materiality

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

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

| | |
|---|---|
| Overall group materiality | US$22.1 million *(2023: US$22.9 million)* |
| How we determined it | 0.25% of the total revenue of the Group *(2023: 0.25% of the total revenue of the Group)* |
| Rationale for the materiality benchmark applied | Total revenue is a primary measure used by the shareholders in assessing the performance of the Group when underlying profit before tax is relatively thin. |

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US$1.10 million *(2023: US$1.14 million)*, other than classifications within the Consolidated Profit and Loss Account or Consolidated Balance Sheet, which were only reported above US$2.9 million *(2023: US$4.9 million)*. We would also report misstatements below these amounts that in our view, warranted reporting for qualitative reasons.

## Key Audit Matters

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

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| ***Recoverability of goodwill for San Miu Macau*** | |
| Refer to note 10 (Intangible Assets) and note 41 (Critical Accounting Estimates and Judgements) to the consolidated financial statements.<br><br>Management undertook annual impairment assessments for all cash generating units (CGUs) containing goodwill, as required by accounting standards. Based on management's assessments, the recoverable amount for the San Miu Macau CGU was lower than the carrying value. An impairment charge of US$120.5 million was recognised as a non-trading item in the Consolidated Profit and Loss Account for the year ended 31 December 2024, representing full impairment of the goodwill. | We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and judgement involved in determining the recoverable amounts of CGUs containing goodwill, including the assumptions applied. We performed the following procedures in relation to management's impairment assessments, focusing on the CGU containing the San Miu Macau goodwill.<br><br>With the support of our valuation experts, we assessed key assumptions used in management's valuation assessment against relevant supporting evidence. This included whether the assumptions in respect of projected cash flows of the business, the discount rate, and the long-term growth rate were appropriate.<br><br>We agreed the projected cash flows used in the assessment to management approved budgets. We also tested management's historical estimation accuracy by comparing historical budgeted performance with actual results. |

| Key Audit Matter | How our audit addressed the key audit matter |
| --- | --- |
| ***Recoverability of goodwill for San Miu Macau*** continued | |
| There is inherent estimation uncertainty and judgement in determining the recoverable amount of a CGU containing goodwill. Assumptions are applied by management in preparing the valuation assessments, particularly in respect of projected cash flows, the discount rates and the long-term growth rates.<br><br>We focused on the San Miu Macau CGU as this contained the most significant goodwill balance held by the Group and had a higher risk of impairment | We compared the discount rate used by management with the range of discount rates used in similar businesses and considered whether management had incorporated relevant macro-economic and country-specific factors, as well as those specific to the business, based on available external market data.<br><br>For the long-term growth rate we compared this with the long-term inflation rate for Macau.<br><br>Based on the procedures performed, we found that the key assumptions made by management, including the projected cash flows, discount rate and long-term growth rate used in the valuation assessment, were reasonable.<br><br>We assessed the adequacy of the disclosures related to the goodwill balance in the context of IFRS Accounting Standards, and considered the disclosures to be appropriate. |

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| ***Carrying value of investment in Robinsons Retail Holding, Inc. (Robinsons Retail)*** | |
| Refer to note 14 (Associates and Joint Ventures) and note 41 (Critical Accounting Estimates and Judgements) to the consolidated financial statements.<br><br>As at 31 December 2024, the carrying value of the Group's investment in its associate, Robinsons Retail, was higher than its fair value based on its prevailing market share price.<br><br>Management undertook an impairment assessment, as required by accounting standards, as there was an indicator of impairment identified. As part of this assessment, management revised its methodology used to determine the recoverable amount compared with previous years, using a value-in-use valuation based on future cash inflows derived from holding the investment and from its ultimate disposal.<br><br>The estimated disposal cash inflow was determined by management using the 12-month average share price of Robinsons Retail for the year ended 31 December 2024, adjusted for an average premium based on recent merger and acquisition transactions for comparable companies.<br><br>Based on management's assessment the recoverable amount was lower than the carrying value of the investment at 31 December 2024. An impairment charge of US$231.3 million was recognised as a non-trading item in the Consolidated Profit and Loss Account for the year. | We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining the assumptions to be applied. We understood and reviewed what indicator of impairment had been identified. We performed the following procedures over management's impairment assessment.<br><br>We evaluated the appropriateness of the valuation methodology used. We discussed the basis for the change with management, and corroborated management's explanations to supporting documents.<br><br>With the support of our valuation experts, we benchmarked and challenged key assumptions in management's valuation model used to determine the recoverable amount against market data. This included whether the assumptions used to determine the estimated disposal cash inflow and the discount rate were appropriate.<br><br>For the estimated disposal cash inflow, we evaluated the use of the 12-month average share price of Robinsons Retail by management, and validated the share price to supporting information. We challenged management on the selection of recent merger and acquisition transactions used to determine the average premium applied to understand how management determined which transactions were considered to be relevant and comparable. We performed our own independent research of premiums arising on recent merger and acquisition transactions for comparable companies and compared these with management's results.<br><br>We compared the discount rate used with the range of typical discount rates used in similar businesses and considered whether management had incorporated relevant macroeconomic and country-specific factors, as well as those specific to Robinsons Retail. |

| Key Audit Matter | How our audit addressed the key audit matter |
| --- | --- |
| ***Carrying value of investment in Robinsons Retail Holding, Inc. (Robinsons Retail)*** continued | |
| There is inherent estimation uncertainty and judgement in determining the recoverable amount of the carrying value of the investment. Assumptions are made by management in preparing the valuation used in the impairment assessment, particularly in respect the estimated disposal cash inflow and the discount rate.<br><br>We focused on the carrying value of the Group's investment in Robinsons Retail due to the significant judgements and estimates involved in the impairment assessment. | We evaluated the sensitivity analysis performed by management and performed our own independent sensitivity analysis on the key assumptions and considered a range of alternative outcomes to determine the sensitivity of the valuation model to changes in these assumptions.<br><br>Based on the procedures performed, we found that the key assumptions made by management, including the estimated disposal cash inflows and discount rate used in the impairment assessment, were reasonable.<br><br>We assessed the adequacy of the disclosures related to the carrying value of the investment in Robinsons Retail in the context of IFRS disclosure requirements, and considered the disclosures to be appropriate. |

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| ***Divestment of interest in Yonghui*** | |
| Refer to note 20 (Assets Held for Sale/(Liabilities Associated with Assets Held for Sale)), note 40 (Financial Risk Management) and note 41 (Critical Accounting Estimates and Judgements) to the consolidated financial statements.<br><br>On 23 September 2024, the Group entered into a share transfer agreement with a third-party for the disposal of the Group's entire associate interest in Yonghui, for a consideration of CNY4,495.9 million (approximately US$622.7 million).<br><br>On entering the share transfer agreement, management considered the completion of the transaction to be highly probable within 12 months and reclassified the Group's interest in Yonghui as held for sale at that date.<br><br>Management designated the share transfer agreement, which is a forward contract, as a hedging instrument to offset the changes in fair value of the shares associated with the Group's interest in Yonghui, and applied fair value hedge accounting from the date of the share transfer agreement.<br><br>As at 31 December 2024, the Group had an interest in associate held for sale of US$1,662.1 million, and a derivative liability in respect of the share transfer agreement of US$1,050.7 million on the Consolidated Balance Sheet.<br><br>A net loss of US$114.4 million in respect of the divestment was recognised as a non-trading item in the Consolidated Profit and Loss Account for the year ended 31 December 2024.<br><br>We focused on the divestment of interest in Yonghui given the significance of the amounts recognised in the consolidated financial statements, and significant judgements made by management in applying held for sale and fair value hedge accounting. | We assessed the inherent risk of material misstatement by considering the degree of judgement involved in applying held for sale and fair value hedge accounting.<br><br>We obtained and reviewed the share transfer agreement and assessed the key terms including the shares disposal, consideration, and the conditions precedent set out therein.<br><br>We assessed the appropriateness of the classification of the Group's investment in associate to held for sale as at 23 September 2024 and 31 December 2024, including the likelihood of the conditions precedent being fulfilled and the transaction completing within 12 months.<br><br>We discussed with management and reviewed management's hedging documentation and evaluated whether the criteria for fair value hedge accounting had been met, and that the hedge effectiveness had been appropriately determined.<br><br>With the support of our valuation experts, we assessed management's valuations for the derivative liability and held for sale asset at 23 September 2024 and 31 December 2024, with reference to the Yonghui share price as at those dates. We evaluated the assumptions used in respect of the derivative valuation, including the time value of money and other factors.<br><br>Based on the procedures performed, we found that judgements made by management in applying the held for sale and fair value hedge accounting were supportable.<br><br>We assessed the adequacy of the disclosures related to the divestment of interests in Yonghui in the context of IFRS Accounting Standards, and considered the disclosures to be appropriate. |

## How We Tailored Our Group Audit Scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

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

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

A full scope audit was performed on five entities including three subsidiaries and two associates, Maxim's and Yonghui. These entities, together with the audit of specific balances and transactions performed on six other subsidiaries, and procedures performed on central functions and at the Group level (on the consolidation and other areas involving significant judgement), accounted for 90% of the Group's revenue, 87% of the Group's profit before tax and 72% of the Group's underlying profit before tax.

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

## Other Information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

## Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

**Use of this report**

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

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

## Other Matter

The Company is required by the United Kingdom Financial Conduct Authority Disclosure Guidance and Transparency Rule to include these consolidated financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditor's report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

**PricewaterhouseCoopers**
Certified Public Accountants
Hong Kong
10 March 2025