ANNUAL REPORT 2023

DFI RETAIL GROUP

DFI
RETAIL GROUP

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

Interior of the largest Wellcome Fresh in Hong Kong at The Westwood, Kennedy Town

Front cover: (Top left) Guardian Indonesia's team member, Annisa Zahwa at Lippo Mall Puri, Jakarta (Top right) 7-Eleven Hong Kong's 1,000th store on Des Voeux Road, Central (Bottom left) Our team member, Yeung Yuen Wai, serving a customer at Wellcome Fresh, The Westwood, Kennedy Town (Bottom right) IKEA Taiwan team members Kevin Yu and Denise Lin at IKEA Kaohsiung store

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Our Market Place team member, Iris Tam at the Tai Wai, Hong Kong store

Jardines
A member of the Jardine Matheson Group

DFI Retail Group's parent company, DFI Retail Group Holdings Limited, is incorporated in Bermuda and has a primary listing in the standard segment of the London Stock Exchange, with secondary listings in Bermuda and Singapore. The Group's businesses are managed from Hong Kong by DFI Retail Group Management Services Limited through its regional offices. DFI Retail Group is a member of the Jardine Matheson Group.

Corporate Information

Directors

Ben Keswick
Chairman

John Witt
Managing Director

Ian McLeod
Former Group Chief Executive
(stepped down on 1st August 2023)

Scott Price
Group Chief Executive
(joined the Board on 1st August 2023)

Clem Constantine
Group Chief Financial Officer

Dave Cheesewright

Weiwei Chen

Adam Keswick

Anthony Nightingale
(stepped down on 31st January 2024)

Christian Nothhaft

Company Secretary

Jonathan Lloyd

Registered Office

Jardine House
33-35 Reid Street
Hamilton
Bermuda

DFI Retail Group Management Services Limited

Directors

John Witt
Chairman

Ian McLeod
Former Group Chief Executive
(stepped down on 1st August 2023)

Scott Price
Group Chief Executive
(joined the Board on 1st August 2023)

Clem Constantine
Group Chief Financial Officer and Property Director

Chris Bush
Chief Executive Officer – DFI Retail Southeast Asia
(retired on 31st October 2023)

Erica Chan
Group Chief Legal, Governance and Corporate Affairs Officer
(joined the Board on 1st December 2023)

Choo Peng Chee
Chief Executive Officer, Food

Shen Li
Group Corporate Strategy and yuu Rewards Director
(joined the Board on 1st December 2023)

Martin Lindström
Chief Executive Officer, DFI IKEA

Wee Lee Loh
Group Chief Digital Officer
(joined the Board on 1st December 2023)

Danni Peirce
Chief Executive Officer, 7-Eleven
(joined the Board on 1st December 2023)

Andrew Wong
Chief Executive Officer, Health & Beauty
(joined the Board on 1st December 2023)

Johnny Wong
Chief Executive Officer – DFI Digital
(joined the Board on 3rd April 2023 and stepped down on 18th September 2023)

Michael Wu
Chairman and Managing Director, Maxim's

Joy Jinghui Xu
Group Chief People & Culture Officer
(joined the Board on 1st December 2023)

Graham Baker

Matthew Bland

Anne O'Riordan

Y.K. Pang
(stepped down on 31st March 2024)

Steve Sun

Corporate Secretary

Jonathan Lloyd

DFI Retail Group At-a-Glance

13
Asian Markets

Some
11,000
Outlets
(including associates and joint ventures)

Geographical Locations
- Food
- Convenience
- Health and Beauty
- Home Furnishings
- Restaurants
- Other Associates

Highlights

- Substantial improvement in underlying profit
- Subsidiaries' performance driven by recovery in Health and Beauty and Convenience
- Associates' performance supported by Maxim's recovery
- Final dividend of US¢5.00 per share

Results	2023 US$m	2022 US$m	Change %
Revenue			
– subsidiaries	**9,170**	9,174	–
– including associates and joint ventures*	**26,471**	27,597	(4)
Underlying EBITDA†	**1,121**	1,070	5
Underlying profit attributable to shareholders‡	**155**	29	437
Net non-trading items attributable to shareholders	**(123)**	(143)	n/a
Profit/(loss) attributable to shareholders	**32**	(115)	n/a
Net debt	**618**	866	(29)

	US¢	US¢	%
Underlying earnings per share‡	**11.49**	2.14	437
Earnings/(loss) per share	**2.39**	(8.51)	n/a
Dividends per share	**8.00**	3.00	167
Net asset value per share^	**72.41**	69.98	3

Store Network#	2023	2022	Net change
Food	**1,907**	1,933	-26
Convenience	**3,791**	3,596	+195
Health and Beauty	**2,694**	2,552	+142
Home Furnishings	**26**	23	+3
Restaurants	**1,998**	1,908	+90
Other Retailing	**578**	560	+18
	10,994	10,572	+422

* Including 100% of associates and joint ventures.

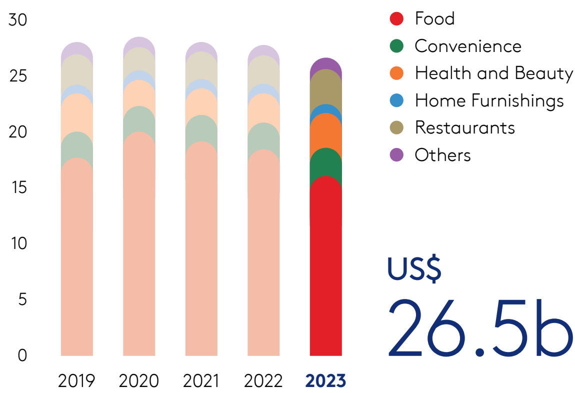
† Underlying EBITDA represents underlying operating profit before depreciation and amortisation.

‡ The Group uses 'underlying profit' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 37 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

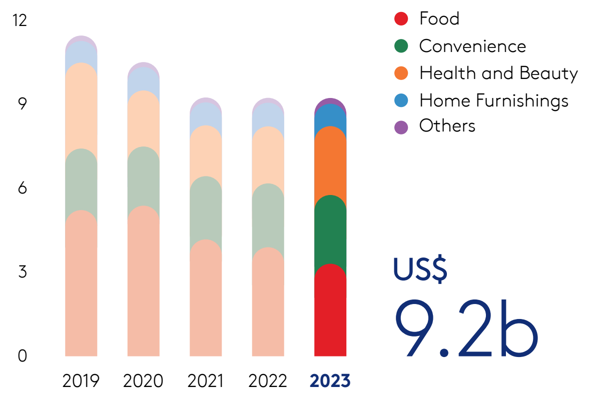
^ Net asset value per share is based on the book value of shareholders' funds.

Including 5,501 associates and joint ventures stores in 2023 *(2022: 5,355)* and on a continuing basis.

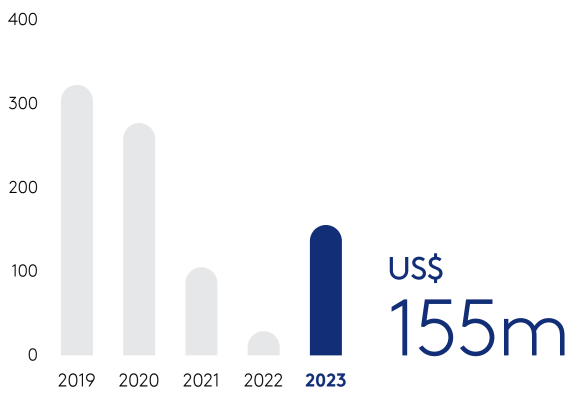
Gross Revenue* (US$b)



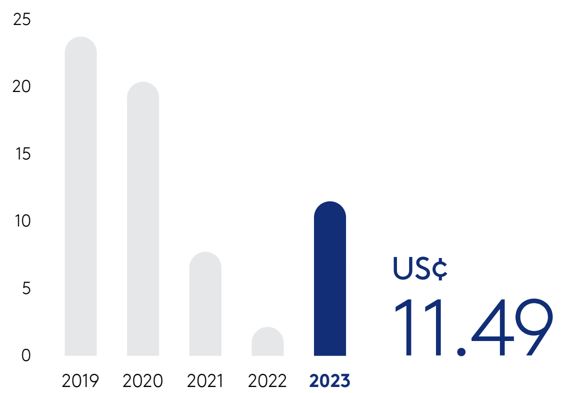
Revenue – Subsidiaries (US$b)



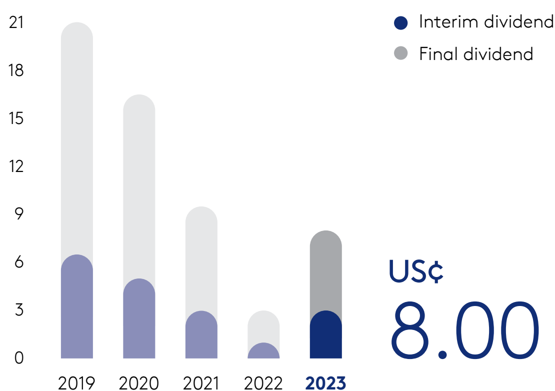
Underlying Profit Attributable to Shareholders (US$m)



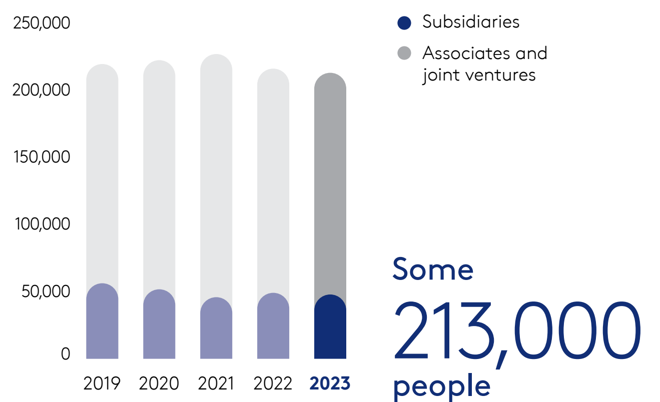
Underlying Earnings per Share (US¢)



Ordinary Dividends per Share (US¢)



Number of Employees



Gross Revenue*

-4 %

Underlying Profit

+437 %

Number of Stores#

10,994

Chairman's Statement

The Group has been encouraged by the significant improvement in performance in 2023. The recovery in economic activity following the pandemic has, however, brought about changes in customer behaviours to which the Group is still adapting. In addition, higher interest rates, inflationary pressures and a broader economic slowdown on the Chinese mainland are likely to lead to slower growth in 2024. Nonetheless, with the appointment of Scott Price as Group Chief Executive, we are confident in the Group's long-term strategy to deliver the medium- and long-term growth prospects of the Group.

Overview

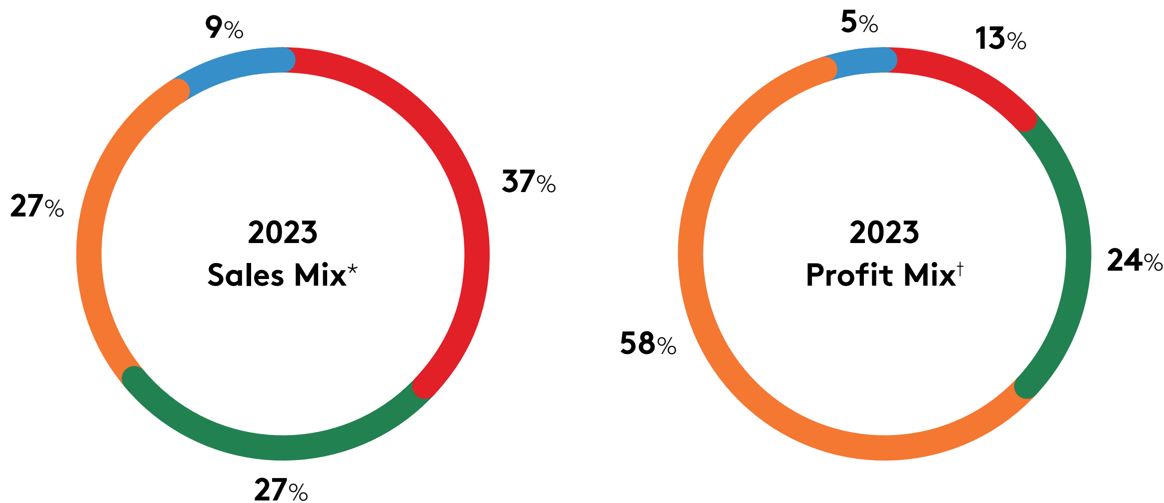
Following a number of challenging years for the business in a disrupted environment, DFI Retail Group (the 'Group') reported substantially improved performance in 2023. The Group reported total underlying profit attributable to shareholders of US$155 million for the year, an increase of US$126 million compared to the prior year. This profit improvement was driven both by subsidiaries and associates.

Operating performance

Total 2023 revenue for the Group, including 100% of associates and joint ventures, was US$26.5 billion, slightly behind 2022 levels. Strong revenue growth in Health and Beauty and Convenience was offset by lower sales within Food and Home Furnishings. Total subsidiary revenue was US$9.2 billion, broadly in line with the prior year, or 5% higher for ongoing businesses (excluding the impact of the Malaysia Grocery Retail divestment).

The Group's underlying profit attributable to shareholders was US$155 million, a substantial improvement from the US$29 million reported in the prior year. Within subsidiaries, profitability was supported by strong recovery in the Health and Beauty and Convenience divisions. The increased contribution by associates was driven by improvement at Maxim's and reduced losses from Yonghui. There was a non-trading loss attributable to shareholders of US$123 million, predominantly due to a goodwill impairment in respect of the Macau business and Giant Singapore, and foreign exchange losses associated with the divestment of the Malaysia Grocery Retail business. These losses were partially offset by gains from property divestments, resulting in total reported profits attributable to shareholders of US$32 million.

Operating cash flow for the period, after lease payments, was a net inflow of US$419 million, compared with US$279 million in 2022. As at 31st December 2023, the Group's net debt was US$618 million, compared with US$866 million at 31st December 2022.



- Food
- Convenience
- Health and Beauty
- Home Furnishings

* Sales of goods.

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

The Board recommends a final dividend for 2023 of US¢5.00 per share *(2022 final dividend: US¢2.00)*.

People

Scott Price succeeded Ian McLeod as Group Chief Executive with effect from 1st August 2023. We wish to thank Ian for his contribution during his six years as Group Chief Executive, when he led a comprehensive business transformation of DFI Retail Group to strengthen its customer propositions. Anthony Nightingale retired from the Board and Audit Committee on 31st January 2024 and we would like to thank him for his contribution to the Company over many years. We are pleased to welcome Weiwei Chen, an Independent Non-Executive Director of the Company, as Chair of the Audit Committee in place of Anthony Nightingale with effect from 31st January 2024. As a result of this appointment, the Audit Committee now has a majority of independent Non-Executive Directors as members.

Prospects

The Group has been encouraged by the significant improvement in performance in 2023. The recovery in economic activity following the pandemic has, however, brought about changes in customer behaviours to which the Group is still adapting. In addition, high interest rates, inflationary pressures and a broader economic slowdown on the Chinese mainland are likely to lead to the rate of growth in the Group's performance reducing substantially in 2024 compared to that of 2023. Nonetheless, we remain confident in the medium- and long-term growth prospects of the Group.

Ben Keswick
Chairman
7th March 2024

Group Chief Executive's Review

Overall financial performance in 2023 has been encouraging. Total underlying profit attributable to shareholders was US$155 million for the year, an increase of US$126 million compared to the prior year. There remains a significant opportunity, however, to continue to build on this profit recovery.

Introduction

It is both a pleasure and a privilege to join DFI Retail Group as Group Chief Executive. I am excited to be part of an organisation with such a long history and which plays such an important role in serving all of the communities where it operates.

The past few years have been very challenging for the Group, our customers, team members and shareholders. Post the pandemic, there is a need to reset DFI and align the business to a strategic framework focussed on capital allocation priorities and growth plans that will improve performance over the coming years. I believe this realignment of the organisation will generate enhanced returns for shareholders.

Overall financial performance in 2023 has been encouraging. Total underlying profit attributable to shareholders was US$155 million for the year, an increase of US$126 million compared to the prior year. There remains a significant opportunity, however, to continue to build on this profit recovery. I am confident that, with the right focus on our customers, team members and shareholders, as well as the right balance of local autonomy and centralised scale, we will gain share from our competitors and sustainably grow returns for our shareholders.

Strategic framework

Since joining the Group in August, I have visited all our markets and formats, meeting team members and learning about our business and customers. This has been a great opportunity to receive input and I have been impressed by the energy our team members bring to serving our customers. Over the course of this period, a new strategic framework has been introduced: Customer First, People Led,

Shareholder Driven. An aligned strategic framework is crucial to supporting the Group's capital allocation priorities and growth plans over the coming three to five years.

Customer First

As a leading retailer across multiple formats in the markets where we operate, we must evolve at the same pace as our customers' changing shopping behaviours. While significant progress has been made over the past few years in enhancing retail fundamentals within the Group, there remain opportunities to improve local relevance across our assortment, Own Brand mix, store execution and design. Additionally, we are resetting our approach to creating a digital proposition across the businesses that is significantly less margin dilutive yet protects our future market share.

People Led

As a People Led organisation, we are focussed on deeply embedding our values throughout the Group, speeding up decision making and improving Inclusion, Equity and Diversity to ensure local relevancy of decision-making to customers. Our team members are closest to the views of our customers and their voices must be heard.

Shareholder Driven

We have committed to driving improved shareholder returns. We must win with customers, but do this through a disciplined capital and resource allocation model that creates sustainable returns as well achievement of our Environmental, Social and Governance ('ESG') commitments.

Organisation structure

An important milestone achieved over the course of the second half of 2023 was the alignment of our organisation structure to the new strategic framework. Our customers, competitors and the markets in which we operate are changing. We must ensure our organisation is prepared to meet the challenge. Decisions that impact our customers must be made close to the customer. Centralised services must add value to the banners through scale and expertise, all delivered through a lean overheads model. We will invest only where our business leaders commit to delivering attractive returns. Based upon these principles, we have moved accountability to a format structure across Food, Health and Beauty, Convenience and Home Furnishings, removing the regional layer. By moving to a format structure, each of our formats will optimise the assortment, digital proposition and store design principles to deliver service, quality and value to our customers in a more consistent manner that can also be tailored to the format's individual strategies.

Aligned to the format structure is a new go-to-market digital strategy. Driving Digital has been a key strategic focus for DFI Retail Group during the past several planning periods and will continue and intensify. We need, however, to revise our strategy based on the post-COVID needs of our customers. The end goal is to provide them with great choice and service at an affordable price, capturing potential opportunities and creating greater synergies between our stores and online businesses. Consequently, accountability for the technology function, the *yuu* Rewards business and the Digital function has been split. This will enable us to create greater focus on these three important strategic areas and support the creation of a Customer First digital proposition.

2023 performance

The Group reported total revenue from subsidiaries in 2023 of US$9.2 billion, broadly in line with the prior year. Total revenue for the Group, including 100% of associates and joint ventures, was US$26.5 billion, slightly behind 2022 levels.

The Group reported a subsidiaries underlying profit attributable to shareholders of US$112 million for the full year, over 70% higher than the prior year. Profit from associates was US$43 million, US$78 million higher than the prior year. Total underlying profit attributable to shareholders was US$155 million for the year, an increase of US$126 million compared to the prior year.

Our Health and Beauty business reported over 20% sales growth and nearly 130% profit growth for the full year, driven by traffic recovery from markets reopening and gross margin improvement. Recovery of customer foot traffic also supported strong profit growth for our Convenience division, which grew 74% compared to the prior year.

Food profit reduced relative to the prior year. Within North Asia, first half performance was impacted by the absence of pantry-stocking seen during the fifth wave of COVID in Hong Kong in the equivalent period last year. However, North Asia Food performance improved in the second half and profit during that period also increased compared to the prior year. South East Asia Food financial performance was adversely affected by intense competition and weakening consumer sentiment caused by rising cost of living pressures.

IKEA saw like-for-like ('LFL') sales decline due to reduced home renovation and furniture demand, as a result of a softening in property market sentiment caused by higher interest rates. Profit also fell, primarily as a result of the revenue shortfall.

The Group's share of underlying profits from associates was US$43 million, representing a US$78 million increase from the prior year. Maxim's reported strong recovery with its share of underlying profit more than doubling relative to the prior year, as customers returned to dining out. The Group's share of Yonghui's underlying losses was US$36 million, an improvement relative to the prior year. Robinsons Retail reported good underlying business performance but its contribution to the Group's profits reduced due to foreign exchange losses and higher net financing charges.

The Group reported strong operating cash flow after lease payments of US$419 million, 50% higher than the US$279 million reported in the prior year. Operating cash flow after lease payments and normal capital expenditure was US$222 million, over six times higher than the US$35 million reported in 2022.

Environmental, social, governance ('ESG')

The growing awareness of the impact from climate change has sparked a global movement towards sustainable practices and environmental responsibility. As a leading pan-Asian retailer, we have the unique opportunity to contribute to and be part of the solution. Indeed, being part of the solution is an important component of our Customer First, People Led and Shareholder Driven strategic framework.

The Group's strong commitment to ESG is reflected in our three strategic pillars: serving communities, sustaining the planet, and sourcing responsibly across the markets in which we operate. In November, the Group's greenhouse gas emissions targets were validated by the Science Based Targets initiative ('SBTi'). We became one of the first Asian retailers to receive validation from the SBTi for its near-term emissions reduction targets, aligned with its criteria and recommendations. The validated targets cover Scope 1, Scope 2, and Scope 3 greenhouse gas ('GHG') emissions. For Scope 1 and 2, the committed target is to reduce half emissions by 2030. DFI has also pledged separately to achieve net-zero emissions by 2050, with an annual investment plan to achieve this long-term goal. SBTi has also validated DFI's Scope 3 emissions reduction target, focussing on purchased goods and services (category 1) as well other significant categories.

DFI has also achieved a significant improvement in its independent ESG Risk Rating from Morningstar Sustainalytics, a leading global ESG rating provider, with our score improving from 25.3 in 2022 to 22.9 in 2023. This represents a ranking improvement from top 50% to top 29% in the Global Food Retail sub-industry. DFI's overall management score from Sustainalytics, which assesses the robustness of a company's ESG programmes, practices, and policies, is also rated as 'Strong'. This improvement represents external validation of the strong ESG management efforts that have been made by the Group, despite above-average risk exposure for the sub-industry. These efforts have included proactive climate risk management in line with Task Force on Climate related Financial Disclosures ('TCFD') recommendations and auditing of supply chains against ethical standards.

I am personally passionate about this topic and the achievement of our ESG objectives, particularly our emissions reduction targets, is a core focus of the leadership team. Whilst the journey will not be easy, we believe it is necessary and we will continue to drive the organisation to be a change agent in the markets that we serve.

Outlook

The reopening of economies following the pandemic has had a positive overall impact on the Group's financial performance in 2023. Customer behaviours are, however, rapidly evolving and the Group is dynamically adapting to changing market conditions. In our home market of Hong Kong, for example, we have seen increased levels of outbound travel, particularly into the Chinese Mainland over weekends and public holidays. There remain additional market challenges such as high interest rates, inflationary and wage pressures and uncertainty as to the impact these factors will have on consumer sentiment. Nevertheless, I am confident in the short-, medium- and longer-term prospects of the Group and believe we have put in place strong foundations to drive sustainable growth and shareholder returns over the coming years.

Scott Price
Group Chief Executive
7th March 2024

FOOD

Reported sales revenue for the Food division in 2023 was US$3.3 billion. Excluding the impact of the Malaysia Grocery Retail divestment, revenue for the division reduced by 5%. Underlying operating profit for the division was US$45 million for the year, compared to US$91 million in the prior year.

Sales of Goods

US$ 3.3 billion

Operating Profit

US$ 45 million

Store Network*

1,907 stores

CS Fresh Gold Paragon, Singapore provides a premium supermarket experience

Reported sales revenue for the Food division in 2023 was US$3.3 billion. Excluding the impact of the Malaysia Grocery Retail divestment, revenue for the division reduced by 5%. Underlying operating profit for the division was US$45 million for the year, compared to US$91 million in the prior year.

Wellcome's LFL sales growth in the first half of 2023 was adversely affected by the absence this year of the pantry stocking behaviour that occurred during the fifth wave of COVID in Hong Kong in the equivalent period last year. LFL sales momentum improved in the second half. Nevertheless, the rising frequency of travel from Hong Kong residents into the Chinese mainland is now impacting shopping behaviour, particularly during weekends. Despite the challenges, the Wellcome team continued to execute well in stores, which has supported continued market share gains. While Wellcome profitability reduced in the first half of the year, strong margin and cost control contributed to profit growth in the second half relative to the prior year. Digital growth remains a priority for the Wellcome team and the *wellcome.com.hk* website launched in October 2023, in addition to the existing app. The *yuu* Rewards programme in Hong Kong also continues to grow, and now has 4.9 million members.

Meadows Own Brand product selection

* Including 1,353 associates and joint ventures stores.

† Sales of goods.

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

Hero Supermarket team member Muhamad Firdaus from Hero Kota Wisata

M. Cellars is Meadows' exclusive selection of fine wines

The newly transformed Cold Storage store at Joo Chiat, Singapore

Giant Own Brand product selection

South East Asia Food sales performance was adversely affected by intense competition and weakening consumer sentiment caused by cost-of-living pressures. Profitability was impacted by soft sales as well as rising cost pressures, particularly labour costs. Growing the contribution from digital sales has remained a key focus area for the management team. The *yuu* Rewards programme in Singapore, which was launched in October 2022, has now reached 1.5 million members, with the Food banners leading the programme in terms of transaction penetration. In September 2023, the Singapore Food business also launched one hour delivery in partnership with Foodpanda, with initial encouraging results.

In March 2023, the Group completed the divestment of its Malaysia Grocery Retail business. The sale of all six associated properties in Malaysia completed in the second half of 2023.

The largest Market Place at The Wai, Hong Kong opened its doors in July 2023

Business Review

CONVENIENCE

Total Convenience sales were US$2.4 billion, an increase of 8% compared to the prior year. LFL sales grew 5% compared to the prior year. Convenience underlying operating profit was US$88 million for the year, an increase of 74% compared to the prior year.

Sales of Goods

US$ **2.4** billion

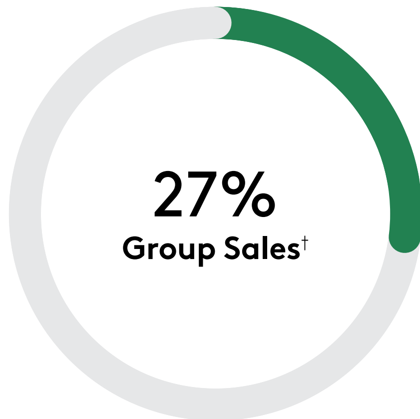
Operating Profit

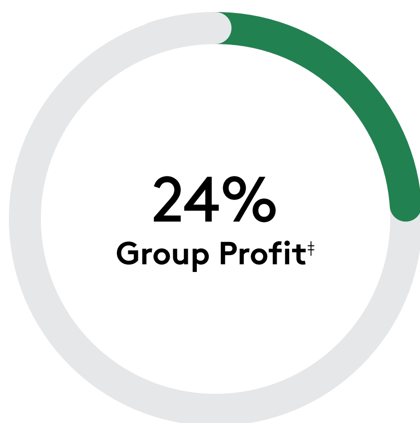
US$ **88** million

Store Network*

3,791 stores

DFI's Caring Passionately Award Grand Champions from 7-Eleven China – Zhimei Liang (L) and Chunling Liang (R)





Total Convenience sales were US$2.4 billion, an increase of 8% compared to the prior year. LFL sales grew 5% compared to the prior year. Convenience underlying operating profit was US$88 million for the year, an increase of 74% compared to the prior year.

Within Hong Kong, LFL sales were strong in the first half, as revenues were adversely impacted by the fifth COVID wave in the first half of 2022. LFL sales in the second half were broadly in line with the prior year, as sales were impacted by the rising frequency of outbound travel from Hong Kong residents, particularly during weekends. Operating profit improved strongly due to a favourable shift in mix away from cigarette sales, as well as ongoing strong cost control.

7-Eleven South China reported double-digit LFL sales growth, as the business benefitted from the economy reopening. Strong execution of promotional campaigns and ongoing strong digital sales also supported revenue growth. Profit increased significantly as a result of strong LFL sales growth, favourable margin impact from product mix shift and ongoing strong cost control.

7-Eleven Singapore also reported strong LFL sales growth, as the business continued to benefit from the economy reopening and strong in-store execution. Profit almost doubled, despite labour and utility cost pressures.

7-SELECT ready-to-eat products from 7-Eleven Hong Kong

* Including 416 associates and joint ventures stores.

† Sales of goods.

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

Business Review

HEALTH AND BEAUTY

Health and Beauty division revenue increased by 21% to US$2.4 billion, with LFL sales growing by over 20%. Underlying operating profit increased by 127%, to US$213 million for the year.

Sales of Goods

US$ **2.4** billion

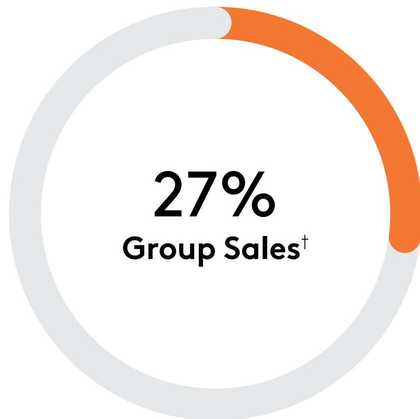
Operating Profit

US$ **213** million

Store Network*

2,694 stores

Mannings newly opened store in Tai Wai, Hong Kong



Health and Beauty division revenue increased by 21% to US$2.4 billion, with LFL sales growing by over 20%. Underlying operating profit increased by 127%, to US$213 million for the year.

In Hong Kong, the Mannings business benefitted from the recovery in the economy and increased tourism traffic. LFL sales were consistently strong over the course of the year and the team continues to execute well in stores, which supported positive market share momentum. Healthcare as a category performed strongly, representing over 50% of Mannings' revenue. Mannings' profit increased significantly due to strong sales growth, gross margin expansion, operating leverage and ongoing strong cost control. In Macau, Mannings also reported double-digit LFL growth, which supported strong profit growth.

Caring Passionately Award – Crystal Award winner, Steven Fok from Mannings Hong Kong, serving a customer at our Mongkok store

* Including 1,156 associates and joint ventures stores.

† Sales of goods.

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

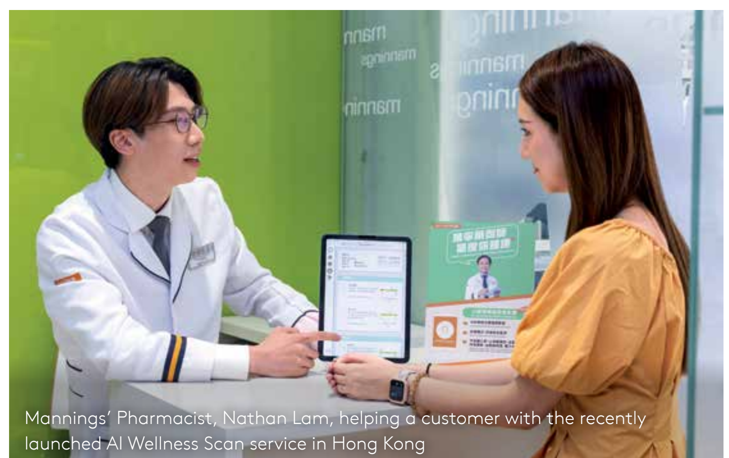
Mannings Own Brand Vitamins selection

Guardian's sales performance in South East Asia was driven by LFL sales growth in Indonesia and Malaysia, although growth did slow in the second half. Guardian's profit also increased significantly in the year. Strong profit growth was reported across all key markets, supported by gross margin expansion and operating leverage. Performance in Indonesia was driven by a recovery in mall traffic, increased demand for beauty products and strong execution of marketing and promotion campaigns in stores. Malaysia performance was supported by strong marketing campaign execution, competitive healthcare pricing and range innovation. Strong commercial execution and changes in product mix supported gross margin expansion in Singapore. During the year, Guardian continued to grow its store network and opened 138 stores. Driving digital growth was also a focus, with e-commerce orders growing over 70% compared to the prior year and fulfillment capability upgraded in both Singapore and Malaysia.

The brand-new Guardian flagship store at Mid Valley Megamall in Kuala Lumpur, Malaysia

Guardian Indonesia's team member Annisa Zahwa with a customer at Lippo Mall Puri, Jakarta

Mannings Pharmacy at Airside, Kai Tak, Hong Kong


Mannings' Pharmacist, Nathan Lam, helping a customer with the recently launched AI Wellness Scan service in Hong Kong

Business Review

HOME FURNISHINGS

IKEA reported sales revenue of US$794 million, 5% behind the prior year. Overall, LFL sales reduced by 7% in 2023. Operating profit was US$19 million, US$27 million behind the prior year.

Taiwan
Hong Kong
Macau
Indonesia

Sales of Goods

US$ **794** million

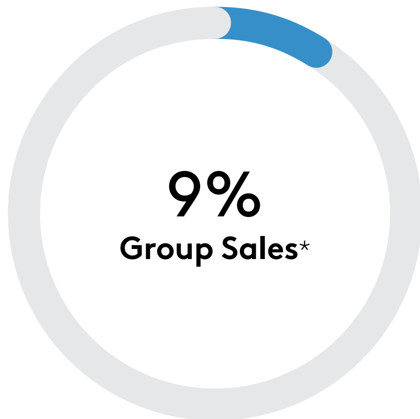
Operating Profit

US$ **19** million

Store Network

26 stores

Solar panels at IKEA Hsin Chuang store, Taiwan



IKEA reported sales revenue of US$794 million, 5% behind the prior year. Overall, LFL sales reduced by 7% in 2023. Operating profit was US$19 million, US$27 million behind the prior year.

IKEA's business performance in its markets has been hampered by a combination of changing customer behaviours post COVID and weak property market activity across our markets. LFL sales performance has been driven by reduced customer traffic, which impacted the business more as the year progressed. Despite strong cost control measures in place, the challenging sales environment materially affected IKEA's level of profit.

IKEA team members Rena Satya (L) and Arina Rahmatul (R) hosting IKEA's 9th Anniversary Celebration in Indonesia at the Alam Sutera store

* Sales of goods.

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

Despite the challenging external environment in the short term, the IKEA team continues to invest judiciously for the long-term. In May 2023, the new IKEA Taiwan fulfillment centre became fully operational, providing a key foundation for future e-commerce growth in Taiwan. Supported by enhanced fulfillment capabilities, e-commerce penetration in Taiwan has now increased to over 9%. In 2023, three small store concepts were opened in Hong Kong, with encouraging initial performance to date. The formats will provide IKEA with an opportunity to test and experiment new growth drivers over the coming years.

Self-ordering kiosks at IKEA Bistro, Taipei City Shop – Arena

IKEA Pop Up store at K11 Art Mall, Hong Kong

IKEA's Djungelskog soft toy collection

Customers shopping at IKEA Taipei City Shop – Arena

RESTAURANTS

The Group's overall share of Maxim's underlying profits was US$79 million for the full year, more than double the US$38 million contribution in the prior year.

Share of Underlying Results

US$ 79 million

Store Network

1,998 stores

Chinese Mainland

Macau

Hong Kong

Laos

Thailand

Cambodia

Vietnam

Malaysia

Singapore

Maxim's latest Chiuchow cuisine restaurant – Be My Goose in Yuen Long, Hong Kong

The Group's overall share of Maxim's underlying profits was US$79 million for the full year, more than double the US$38 million contribution in the prior year. The growth in profit reflects the substantial business recovery in Hong Kong and the Chinese Mainland following the full reopening of their economies, as well as a favourable performance in South East Asia. Maxim's reported strong restaurant growth, as well as solid mooncake sales in the year.

Maxim's continued to expand in the year and reached the milestone of its 2,000th store in December. In March 2023, Maxim's opened its first Shake Shack store in Thailand and has subsequently opened its first The Cheesecake Factory store in the country in early December.

Maxim's opened its 2,000th store in Hong Kong – simplylife in the apm mall

OTHER ASSOCIATES

The Group's share of Yonghui's underlying losses was US$36 million for the year, compared to a US$80 million share of underlying losses in the prior year. Robinsons Retail's underlying profit contribution reduced from US$24 million to US$15 million.

Chinese Mainland

The Philippines

Yonghui supermarket in Taihe Plaza, Fuzhou City, China

The Group's share of Yonghui's underlying losses was US$36 million for the year, compared to a US$80 million share of underlying losses in the prior year. The reduction in losses was underpinned by an improvement in gross margin as well as cost optimisation. Nevertheless, Yonghui's sales performance in the year has been impacted by a combination of challenging macroeconomic conditions and intense competition.

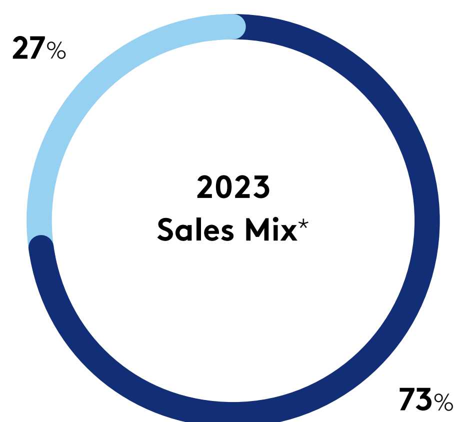
Robinsons Retail's underlying profit contribution reduced from US$24 million to US$15 million. Robinsons Retail continued to report strong sales and core net earnings growth. For reporting purposes, however, DFI's share of underlying profits was adversely impacted by foreign exchange losses and higher net financing charges reported by Robinsons Retail.

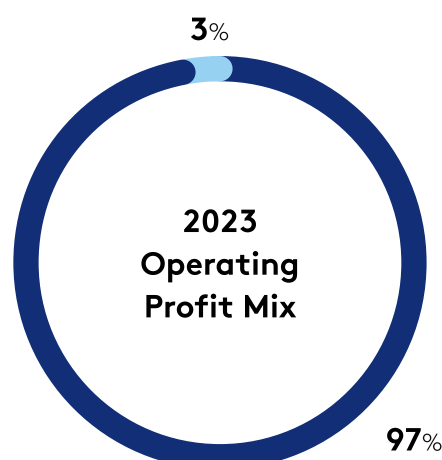
GoCart – Robinsons Retail's online retail platform

Robinsons Department Store at Robinsons Magnolia in Quezon City, Metro Manila

Financial Review

2023 was an encouraging year for DFI Retail Group, with the Group's reported underlying profit attributable to shareholders substantially increased by US$126 million from US$29 million to US$155 million. The increase was supported by strong growth in profitability across subsidiaries and improved performance of associates.





- North Asia
- South East Asia

* Sales of goods.

Accounting policies

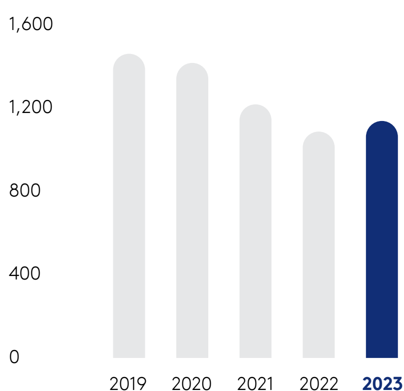
The accounting policies are consistent with those of the previous year. The Directors continue to review the appropriateness of the accounting policies adopted by the Group, regarding developments in International Financial Reporting Standards ('IFRS Accounting Standards'). In 2023, a number of amendments to the IFRS Accounting Standards become effective and the Group has applied these amendments with no material impacts to the financial statements.

Results

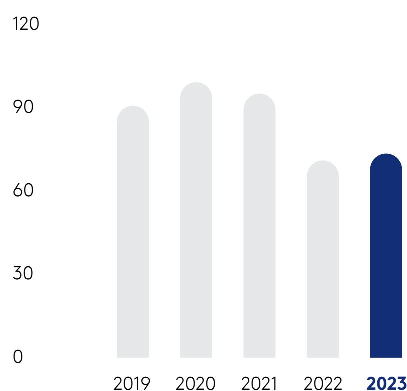
2023 was an encouraging year for DFI Retail Group, with the Group's reported underlying profit attributable to shareholders substantially increased by US$126 million from US$29 million to US$155 million. The increase was supported by strong growth in profitability across subsidiaries and improved performance of associates.

Revenue, excluding those of associates and joint ventures, totalled US$9.2 billion, broadly in line with last year. Total revenue including 100% of associates and joint ventures, was 4% down at US$26.5 billion.

Underlying EBITDA (US$m)



Net Asset Value per Share (US¢)



Health and Beauty reported a strong sales and profit growth for the full year. The growth was driven by traffic recovery from markets reopening, gross margin improvement and good cost control.

Sales growth in Convenience was driven by the LFL sales growth as a result of border reopening and post lifting of COVID-related restrictions. Recovery of foot traffic and favourable margin mix shift supported the significant profit growth.

Food reported a reduction in operating profit. In North Asia, profitability was adversely impacted by the annualisation of pantry stocking behaviour during the fifth COVID wave in Hong Kong which occurred in the first half of 2022. In South East Asia, lower profitability was resulted from intensive competition and weakening consumer sentiment.

Home Furnishings reported a reduction in sales as a result from softening property market sentiment due to higher interest rates and slow recovery in home furnishings sector after the COVID-related restrictions. The shortfall in revenue resulted in lower profitability.

Net financing charges increased by US$22 million compared to 2022, reflecting the higher interest rates on external borrowings and higher interest expenses charged on leases.

The Group's share of underlying results of associates and joint ventures was US$43 million, comparing to a loss of US$35 million last year.

Contribution from Maxim's underlying results was US$79 million, more than doubled comparing to US$38 million in 2022. Strong improvement in profitability was benefitted from good recovery across all markets post lifting of COVID-related restrictions and resumption of economic activity.

The Group's share of Yonghui's underlying loss was US$36 million, compared to US$80 million in the prior year. The Group's interest in Yonghui, increased from 21.13% to 21.44%, following the share buyback by Yonghui during the year.

The Group's share of underlying results in Robinsons Retail decreased by 36% to US$15 million. During the year, the Group's interest in Robinsons Retail also increased from 21.30% to 21.47% following the share buyback by Robinsons Retail.

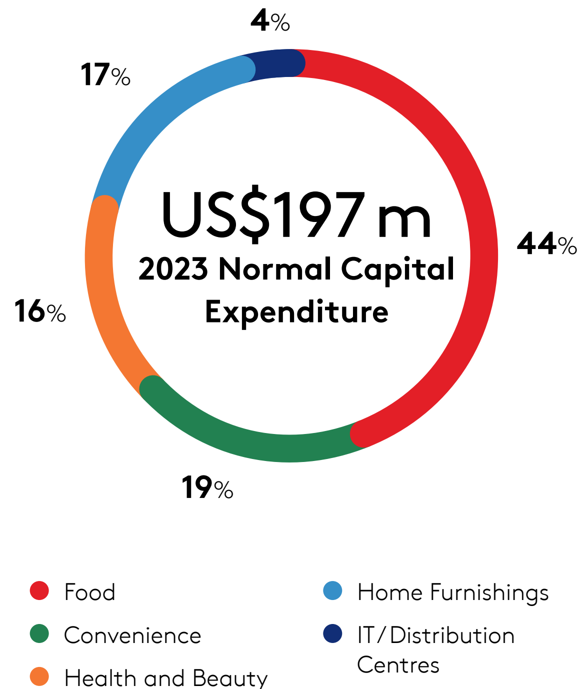
The tax charge for 2023 was US$41 million, 31% higher than 2022, mainly due to the increase in underlying operating profit during the year.

Net non-trading expenses attributable to shareholders of US$123 million were reported in 2023, principally from the impairment charge on goodwill, loss from the divestment of the Malaysia Grocery Retail business and the fair value loss on other investments, partly offset by the profit on sale of certain properties in Singapore and Indonesia, together with net gains on the share of non-trading items of associates and joint ventures.

Underlying profit attributable to shareholders was US$155 million, significantly increased from US$29 million in 2022. Underlying earnings per share of US¢11.49 were also improved substantially.

Cash flow

Summarised Cash Flow	2023 US$m	2022 US$m
Underlying operating profit	**294**	209
Depreciation and amortisation	**827**	861
Decrease/(increase) in working capital	**45**	(7)
Net interest and other financing charges paid	**(145)**	(121)
Tax paid	**(41)**	(43)
Dividends received from associates	**46**	45
Other	**18**	(4)
Cash flows from operating activities	**1,044**	940
Principal elements of lease payments	**(625)**	(661)
Cash flows from operating activities after lease payments	**419**	279
Normal capital expenditure	**(197)**	(244)
Investments	**(17)**	(28)
Disposals	**119**	71
Cash flows from investing activities	**(95)**	(201)
Cash flows before financing but after lease payments	**324**	78



The Group maintained solid cash flows from operating activities after lease payments of US$419 million, compared with US$279 million in 2022. The increase was mainly due to increased underlying operating profit and the favourable movement in working capital results from better working capital management.

Normal capital expenditure for the store network operation and existing estates, was lower at US$197 million versus US$244 million in 2022 principally due to tighter control on refurbishment of the existing store estate, and there was substantial investment for new IKEA stores in Indonesia and Taiwan in 2022.

During the year, the Group realised proceeds on the disposal of a number of properties in Singapore and Indonesia, together with the proceeds from the disposal of associated properties relating to the divestment of Malaysia Grocery Retail business, a total cash amounting to US$142 million was received.

At 31st December 2023, the Group's businesses, including associates and joint ventures, operated a total of 10,994 stores across all formats in 13 markets, compared with 10,572 stores at the end of 2022. Within which, there were 1,012 Yonghui stores, 1,998 Maxim's stores and 2,368 Robinsons Retail stores.

Balance sheet

Total assets, excluding cash and bank balances, were US$6.8 billion, down US$291 million compared to 2022. The decrease was mainly due to the impairment charge on goodwill, the divestment of the Malaysia Grocery Retail business, and the fair value loss on other investments, partly offset by the revaluation surplus for properties reclassified to investment properties. Net operating assets were US$988 million at the end of 2023, a 5% increase from previous year.

The Group ended the year with reduced net debt level at US$618 million, US$248 million lower as compared to US$866 million at 31st December 2022. The improvement reflects the efforts resulting from the ongoing optimisation of capital structure through disciplined capital and resource allocation to drive the improved shareholder returns.

Dividend

The Board is recommending a final dividend of US¢5.00 per share, giving a total dividend of US¢8.00 per share for the year.

Financing

As of 31st December 2023, the Group had a gross debt of US$924 million, a decrease of US$172 million from 2022. The gross debt is funded by total committed and uncommitted lines of US$2,483 million, with US$1,066 million committed and US$493 million uncommitted facilities being unused and available. The Group had cash balances of US$306 million. The available undrawn committed facilities and the cash pooling scheme continued to provide good support and flexibility to the Group for cash and liquidity needed for the operation.

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

Despite the ongoing market challenges, with the strong foundation, the Group remains confident in the short-, medium- and long-term growth perspective.

Financial risk management

A comprehensive discussion of the Group's financial risk management policies is included in note 39 to the financial statements. The Group manages its exposure to financial risk using a variety of techniques and instruments. The main objectives are to limit exchange and interest rate risks and to provide a degree of certainty about costs. It is our policy not to engage in speculative derivative transactions. The investment of the Group's cash resources is managed to minimise risk while seeking to enhance yield. Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt (short- and long-term), to maximise flexibility for the future development of the business.

Principal risks and uncertainties

A review of the principal risks and uncertainties facing the Group is set out on pages 203 to 210 of the Annual Report.

Clem Constantine
Group Chief Financial Officer
7th March 2024

Sustainability Overview

DFI's mission includes serving communities by reducing hunger, lowering the cost of living, and promoting self-esteem through various initiatives. To sustain the planet, we focus on reducing plastic usage, minimising food waste, conserving energy, and eliminating harmful refrigerants. We also prioritise responsible sourcing by focussing on fair labour, and promoting sustainable supply chain practices. Through these efforts, we aim to foster thriving communities and contribute to a sustainable future.

Solar panel installation at Wellcome Fresh Food Centre, Hong Kong

SBTi Validated Targets

DFI became **one of the first Asian retailers** to receive validation from the **Science Based Targets initiative** for our near-term greenhouse gas emissions reduction targets.

Strong ESG Management

Improved Morningstar Sustainalytics ESG Risk Rating from 25.3 (2022) to **22.9 (2023)**, a rank upswing in the global food retail sub-industry to rank **35th out of 120 (Top 29%)**.

ESG Awards

DFI received **ESG awards** that recognised our outstanding efforts in making positive impacts, including:

- Hong Kong Awards for Environmental Excellence – Super Gold Award (DFI is the sole recipient)
- CLP Smart Energy Award 2023
- TVB ESG Award

Sustainability Membership and Associations

- Consumer Goods Forum
- Amfori BSCI
- Foodlink Foundation
- Hong Kong General Chamber of Commerce – Environment & Sustainability Committee
- Hong Kong Retail Management Association – Sustainability Task Force
- World Business Council for Sustainable Development
- Drink-without-waste

Environmental

-19% Carbon

19% reduction in Scope 1 and 2 GHG emissions vs 2021 baseline.

54% Diversion

54% waste diversion rate in 2023, up from 51% in 2022.

-38% Plastic

Plastic bags and plastic wrap usage down 38% (compared with 2022).

57% Recyclability

57% of own brand products with plastic packaging are recyclable.

24% Products

24% of Own Brand products in selected categories now have sustainability certifications, more than doubling the number from 2022.

Social

>1,129 Hours

More than 1,129 volunteering hours were contributed in Hong Kong.

3.7m (US$)

Donated US$3.7m to communities across the markets in which we operate.

Governance

0.95 Gender

Median gender pay equity in Hong Kong, representing a 5% gap (<0.5% median gender pay gap in Singapore).

Good

Moody's assessed our sustainability quality score as 'Good' in relation to the Sustainability Linked Financing that we secured in 2023.

94% Ethics

94% of factories in high-risk countries supplying own brand products have been audited against Amfori or equivalent standards.

Task Force on Climate-Related Financial Disclosures

This report sets out our climate related financial disclosures which are consistent with the Task Force on Climate-Related Financial Disclosures ('TCFD') recommendations and the 2021 TCFD annex guidance for all sectors.

Governance

Board oversight of climate-related risks and opportunities

The DFI Board is ultimately responsible for ensuring DFI is managing its climate risks, Greenhouse Gas ('GHG') emissions, and sustainability objectives. DFI's Board oversees this through receiving updates on climate and sustainability risks and mitigation measures. Furthermore, DFI's Board considers and approves key initiatives, for example they have endorsed the Scope 1 and 2 GHG emissions net zero plan, and they have been updated on progress against this plan.

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

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

Management's role in assessing and managing climate-related risks and opportunities
DFI's Sustainability Management Committee reviews progress against DFI's net zero targets twice a year. Actual results were reviewed and plans to deliver the short-, medium-, and long-term targets were discussed. The time horizons to analyse climate-related risks and opportunities are defined as short-term (between now and 2025), medium-term (2025-2030), and long-term (2030-2050, and onwards).

The JM Climate Action Working Group ('CAWG') fosters collaboration between the various BUs of JM and creates a community of expertise. Comprising representatives from each JM BU, the CAWG meets on a quarterly basis to collaborate on the Climate strategy and to drive a shared agenda forward. DFI's Sustainability Working Group ('SWG') for Climate regularly contributes to the CAWG, including sharing initiatives to reduce Scope 1 and 2 emissions, and learning from other BUs that have already taken action.

The SWG for Climate is responsible for the implementation of the plans needed to deliver DFI's climate targets. It is sponsored by the DFI CFO and chaired by senior leaders: the procurement director leads the Eliminating Harmful Refrigerants initiative within the SWG for Climate, the supply chain director leads the Reducing Fuel Usage initiative, the facilities management director leads the Reducing Energy Usage initiative, and the head of ESG Reporting leads the Tracking and Reporting SWG. The SWGs meet bi-weekly and are supported by our Head of Sustainability, Head of ESG Reporting, and Senior Finance Director.

Strategy

Scenario selection

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario
DFI has chosen two of the Representative Concentration Pathways ('RCPs') adopted by the Intergovernmental Panel on Climate Change ('IPCC') – RCP 2.6 and RCP 8.5 – for scenario analysis. Whilst in 2022 we conducted scenario analysis across three RCPs, we have targeted two RCPs in 2023 to help simplify communications. The IPCC RCPs provide a widely accepted and standardised framework for assessing and analysing future climate scenarios. Each RCP represents a different GHG concentration trajectory and provides a range of potential future climate scenarios. The objective is for DFI to assess our strategies and operations against a range of possible climate futures, seeking to ensure preparedness and resilience in the face of climate change.

Scenario	Commentary and assumptions	Changes in temperature by 2100 (degree Celsius)*	Risks
RCP 2.6	A pathway with lower GHG emissions, indicating a future where stringent mitigation measures are implemented, and global warming is limited to below 2 degrees Celsius.	1.6 °C	High Transition Risk Low Physical Risk
RCP 8.5	A higher GHG emissions pathway, indicating a future where no substantial mitigation actions are taken, resulting in significant global warming and climate impacts.	4.3 °C	Low Transition Risk High Physical Risk

* Source: The Meteorological Office UK

Qualitative analysis

Conducting qualitative climate scenario analysis based on two different RCPs supports DFI to gain a comprehensive understanding of the potential impacts of physical and transition risks under various climate futures on the business. This analysis helps DFI to prioritise mitigation and adaptation strategies, allocate resources effectively, and make informed decisions that align with our long-term sustainability goals. It helps DFI to proactively manage climate-related risks and capitalise on emerging opportunities, seeking to ensure resilience and competitiveness in an evolving business landscape.

For physical risks, the analysis assesses the potential impacts of each RCP on DFI's operations. RCP 2.6, representing a low-emission scenario, may indicate a lower likelihood of extreme weather events and sea-level rise, resulting in a relatively lower impact on store locations and supply chains. Conversely, RCP 8.5, representing a high-emission scenario, may indicate a higher likelihood of severe weather events and increased flood risks, requiring DFI to prioritise adaptation measures in vulnerable areas.

Transition risks are also evaluated across the different RCPs. Under RCP 2.6, which reflects a more sustainable trajectory, DFI may anticipate regulatory frameworks, including carbon taxes, and market incentives for low-carbon technologies and sustainable products. This may present opportunities for DFI to proactively invest in decarbonising supply chain and operations, adopt environmentally friendly practices, and meet evolving consumer demands.

Throughout the scenario analysis, DFI considers its level of preparedness across the different RCPs. For example, since DFI has already embarked on the journey of phasing out high carbon equipment and transitioning to a low carbon economy, DFI believes it is aligned and furthermore working on managing the transition risks under RCP 2.6.

Quantitative analysis

To better support a representative quantitative analysis, DFI selects a sample of the most relevant operating locations, considering factors such as property type (store or distribution centre), ownership (owned or leased), area, floor number, asset value, construction cost, and operational revenue. DFI then calculates the exposure of each location to extreme weather events by considering the likelihood of relevant extreme weather events (e.g. drought, sea level rise) in the two climate scenarios considered (RCP 2.6 and RCP 8.5) over the short-, medium-, and long-term. This likelihood is then multiplied by the potential financial impact of each event, including damage to owned assets and disruptions to the business and the supply chain.

Based on the outcomes of this quantitative analysis, DFI has concluded that the residual financial impact of climate risk in each of the scenarios considered is not expected to be significant, with an assessed impact of less than US$250,000 of profitability per year. As a result, these impacts are not separately disclosed. However, the assessment will be updated annually, and if future impacts are re-evaluated to be significant, they will be included in the annual TCFD report, seeking to ensure transparency and accountability in disclosing climate-related risks.

This quantitative analysis helps DFI to prioritise our risk management efforts, allocate resources effectively, and make informed decisions to protect our assets and ensure business continuity. DFI's commitment to regularly updating the assessment and disclosing significant impacts underscores our dedication to transparent reporting and our proactive stance in managing climate-related risks.

This forward looking scenario analysis made by DFI is founded on our current knowledge and assumptions. DFI does not provide any assurance regarding the accuracy of these assumptions. These forward-looking statements involve inherent risks, uncertainties, and assumptions that could lead to material differences between the actual results, performance, or achievements of DFI. Additionally, scenario analysis has limitations, and it is challenging to predict which scenarios, if any, will occur.

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

Considering the scenario analysis performed, DFI has undertaken the task of identifying climate risks and opportunities, and their potential to significantly affect the organisation. This approach takes into account various factors, including the geographical impact of climate events, evolving regulatory frameworks, and emerging social trends. By focussing on areas that have the highest impact on our core business activities, DFI seeks to effectively assess and address the associated risks while leveraging opportunities that align with our operational and supply chain objectives. For instance, the occurrence of rainfall flooding twice in Hong Kong in 2023 demonstrated the vulnerability of the region to extreme weather events. While DFI did not experience any uninsured losses as a result, we recognise the increasing frequency and severity of such events.

By acknowledging these risks, DFI seeks to be prepared to manage and mitigate potential consequences, to ensure the resilience of our operations and the protection of our stakeholders. This proactive stance helps DFI to adapt and respond effectively, not only to climate-related challenges but also to capitalise on potential opportunities that arise from sustainable and climate-resilient practices.

Risks type	Risks description	Risk mitigation and opportunities	Time horizon
Physical risk – acute			
Typhoon Severity (measured by wind speed) is increasing, with more frequent and destructive typhoons in expected in North Asia. **Rainfall flooding** Severity (measured by flood depth) is expected to increase across Asia, with implications for low-lying and flood vulnerable locations.	• Disruption of services and business operations caused by the severe weather conditions. • Store closures, power outages, and transportation disruptions. • Damage to equipment, facilities, and properties due to floodwaters. • Decrease in business demand as customers in flood-affected areas are affected. • Supply chain disruptions due to damage to transportation networks, delayed deliveries, and disrupted production.	• Developing business continuity plans for all locations to ensure operational resilience. • Review of overflow and draining systems in areas prone to flooding. • Careful assessments of geographical flood plains to avoid vulnerable areas when establishing new locations. • Standard operating procedures and evacuation plans to prioritise the safety of team members and protect assets during flood events. • Implementing security of supply initiatives and resilient sourcing practices to minimise disruptions to the availability of products and raw materials.	Short-, medium-, and long-term.

Risks type	Risks description	Risk mitigation and opportunities	Time horizon
Physical risk – chronic			
Extreme heat Measured by the combined impact of temperature and humidity on the human body, and is forecasted to increase across Asia.	• Higher energy costs and consumption for cooling to maintain comfortable temperatures for customers and team members. • Faster spoilage of perishable items such as food and pharmaceuticals due to hotter climate. • Adverse effects on team members' health and safety because of heat-related illnesses. • Supply chain disruptions impeding the availability of goods.	• Energy and refrigeration efficiency initiatives to reduce energy consumption and optimise cooling systems. • Maintaining and enforcing safety-at-work procedures for heat related illness. • Supply security and resilient initiatives through diversification.	Short-, medium-, and long-term.
Transition risk – policy and legal			
Regulatory compliance DFI Retail Group may encounter several policies and legal risks due to the nature of our operations.	• Non-compliance with evolving regulations related to climate change and sustainability. • Failure to Accurately disclose climate-related information. • Failure to adhere to consumer protection laws regarding environmental impact disclosures.	• Compliance programme to ensure adherence to evolving regulations, including regular monitoring, and updating of policies and procedures.	Short- and medium-term.
Transition risk – technology			
Low carbon technologies Delaying the adoption of low-carbon technology in the retail industry includes missed opportunities for cost savings, reduced competitiveness.	• Failure to adopt and integrate sustainable practices and technologies within operations. • Increased operational costs and inefficiencies associated with outdated and carbon-intensive technologies.	• Use of low global warming potential ('GWP') refrigerants in our cooling systems. • Adopting the water loop refrigeration systems that significantly reduce the amount of refrigerant gas needed and minimises associated GHG emissions. • Investment in energy efficiency equipment across relevant locations.	Short- and medium-term.

Risks type	Risks description	Risk mitigation and opportunities	Time horizon
Transition risk – market			
Carbon price Direct (e.g. Carbon tax) or indirect costs associated with emissions reduction regulatory or fiscal policies. **Energy price** The rising prices of primary and secondary energy (fossil fuels and electricity).	• Higher operational expenses due to carbon pricing and rising energy price. • Challenges in managing energy consumption and efficiency.	• Implement measures to reduce Scope 1 and 2 GHG emissions through energy efficiency improvements and sustainable commodities initiatives to lower carbon sources. • Planning of Scope 3 GHG emission plan to address high carbon emitting commodities.	Medium- and long-term.
Consumer preference change As awareness of climate change increases, individuals seek to make more environmentally conscious choices.	• Failure to adapt our product offerings to meet climate-conscious customers' demands.	• Adjust our product offerings to align with sustainability and climate-friendly demands.	Long-term.
Transition risk – reputation			
Investor and consumer expectation Investors and consumers increasingly expect businesses to address and mitigate climate risks, incorporating sustainable practices and demonstrating a commitment to environmental stewardship.	• Being perceived as a laggard in climate change efforts could affect both sales and investment prospects.	• Engaging in open and transparent dialogue, and seeking feedback and input from stakeholders to shape our sustainability strategies and initiatives. • Actively involving customers in product development through market research. • Stakeholder engagement such as responding to investor ESG surveys.	Short-, medium-, and long-term.

Transition plan

With a long-term target of achieving net zero GHG emissions by 2050 compared with 2021 levels, DFI is taking proactive steps to address climate-related risks and seize opportunities by allocating investment towards climate initiatives. With an annual investment allocation ranging from US$10-20 million, equivalent to approximately 5-10% of our total capital commitments each year, DFI is actively engaged in initiatives that promote energy efficiency, refrigerant gas management, and the electrification of our fleet.

SHORT-TERM

Accelerate decarbonisation across operations

- Retrofit stores with Water Loop technology fridges, that reduce the requirement for base gas charge
- Behavioural change education to store team members
- Install leak detectors and monitor their output to address refrigerant leakage
- Transition from high to low GWP refrigerant gas
- With the aim of electrifying our fleet of delivery vehicles in the medium-term where commercially viable, we have purchased an electric truck in 2023 as part of a pilot scheme
- Increase waste diversion rate

2025

MEDIUM-TERM

Extend decarbonisation across value chain

- Fully electrify fleet in own operation
- Source low carbon OB products from suppliers, ideally with sustainable certifications
- Increase OB plastic packaging that is recyclable

50%
absolute Scope 1 and 2 emission reduction

25%
Scope 3 emission reduction across targeted categories

2030

LONG-TERM

Address decarbonisation in remaining gaps

- Purchase REC or carbon offset as a last resort to meet net zero target
- Anticipate technological advancement for net zero solutions

Net zero emissions by 2050

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

Area	Impacts
Strategy	
GHG emissions	By setting a Science-Based Target ('SBT') for GHG emissions reduction, DFI aims to mitigate climate risks by aligning our emissions reduction efforts with the goals of the Paris Agreement and the latest climate science. By establishing a clear and measurable pathway for GHG emissions reduction, DFI seeks to proactively manage our carbon footprint, minimise emissions-related risks, and contribute to a more sustainable future.
Business	
Products	Climate change has led to a growing demand for products made from sustainable materials. Consumers are actively seeking alternatives to products that contribute to deforestation, habitat destruction, or excessive resource consumption. They may prefer products made from renewable resources, recycled materials, or those that incorporate sustainable production practices. Expanding the range of sustainable products involves various initiatives within DFI, including seeking out suppliers and manufacturers that prioritise sustainable sourcing, production processes, and packaging.
Operations	Energy efficiency in retail stores plays an important role in mitigating climate risks by reducing GHG emissions and minimising energy consumption. Energy efficiency measures, such as installing energy-efficient lighting, and fridges with a reduced base charge of refrigerant gas (e.g. water-loop fridges), help our retail stores to reduce their carbon footprint.
Supply Chain	EV trucks produce zero tailpipe emissions, as they run on electricity rather than fossil fuels like diesel or gasoline. By transitioning to EV trucks for transportation and delivery operations, DFI can reduce our GHG emissions. This reduction in emissions helps mitigate climate risks by reducing the industry's carbon footprint and contributing to the overall decarbonisation of the transportation sector. DFI has begun the trial of adopting EV trucks in our fleets.
Financial planning	
Capital expenditure	Allocating CAPEX towards energy-efficient technologies and equipment upgrades can optimise resource consumption and reduce operational carbon footprint. Investing in sustainable supply chain initiatives, such as responsible sourcing and supplier engagement programmes, helps mitigate risks associated with resource scarcity and disruptions. Furthermore, CAPEX directed towards infrastructure resilience, such as implementing climate-adaptive measures, seeks to ensure business continuity in the face of extreme weather events. DFI is investing US$10 to US$20 million annually into climate-related initiatives.
Financing	In 2023, DFI successfully closed a $2 million Sustainability-linked Loan conversion link to performance in 3 key sustainability areas: emissions reductions, waste diversion, and plastic packaging. DFI believes that Sustainable Finance opportunities will become more prominent in the future. Consequently, the company is actively exploring additional avenues to build upon this achievement and further strengthen our commitment to sustainability.

Risk Management

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

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

Organisation's processes for identifying and assessing climate-related risks

In 2023 both transition and physical risk workshops were held with senior business leaders, with the objective of identifying risks, and then also aligning on both DFI's climate strategy and the planned mitigations to each risk. The results of these workshops have been incorporated into the risk management approach. Further work is underway to enhance the assessment and the mapping of climate risks over the short-, medium-, and long-term.

Organisation's processes for managing climate-related risks

After identifying and assessing climate-related risks, DFI has implemented a transition plan to manage these risks. For example carbon pricing, reducing carbon emissions can mitigate potential carbon pricing costs associated with transition risk. Through energy-efficient technologies and operational optimisation, DFI is working towards a lower-carbon business model.

Metrics used by the organisation to assess climate-related risks and opportunities aligning with our strategy and risk management process

In order to help quantify and prioritise climate risks, a risk assessment model has been established across 2 different climate scenarios by 2100 (RCP 2.6 and RCP 8.5), with financial impact of each of these scenarios over the short-, medium-, and long-term calculated and assessed. Each of these scenarios is considered possible depending on the volume of GHG emitted in the years to come.

Transitioning to a net-zero economy will bring about regulatory, technological, legal, market, and reputational changes that we believe will likely impact DFI in the medium- to long-term. These risks are higher in the RCP 2.6 scenario. However, physical risks will likely be greater in the RCP 8.5 scenario due to the increased likelihood of extreme weather events. Refer to previous sections of this TCFD report for further details of the analysis performed.

Metrics and Targets

For DFI's TCFD disclosure on metrics and targets, please refer to the 'Climate Change' section in the ESG Report on page 49 of this Annual Report.

TCFD recommendation	Recommended disclosures	Location
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities.	TCFD Report, Page 36
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	TCFD Report, Page 37
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term.	TCFD Report, Page 39
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	TCFD Report, Page 44
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	TCFD Report, Page 37
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks.	TCFD Report, Page 45
	b. Describe the organisation's processes for managing climate-related risks.	TCFD Report, Page 45
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	TCFD Report, Page 45
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with our strategy and risk management process.	ESG Report, Page 53-57
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	ESG Report, Page 53-57
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	ESG Report, Page 53-57

Environmental, Social, and Governance('ESG') Report 2023

Introduction

The purpose of this ESG report is to highlight DFI's efforts in quantifying our impact on the economy, environment, and society, along with our targets and progress made to date. We disclose all relevant performance indicators for material ESG issues (refer page 50 for ESG materiality assessment) with the aim of improving the transparency of our activities.

This report has been prepared in accordance with the Global Reporting Initiative ('GRI'), with references to the index also published online on our website www.DFIretailgroup.com. This report has also considered information from sustainability reporting standards (including, but not limited to, SASB, TCFD, CDP), sustainable development principles (including, but not limited to, UNSDGs, UNGC), ESG rating agencies (such as Morningstar Sustainalytics), and industry initiatives.

Reporting scope

This ESG Report covers ESG data for the year ending 31st December 2023. Unless stated otherwise, the year ending 31st December 2022 is used for comparison (and the year ending 31st December 2021 if available). Operations divested in 2023 have been excluded from metrics, with prior year comparisons restated. To the extent possible, the prior year comparative figures have been restated to align with any updated ESG reporting perspectives. This is stated in this ESG report where relevant, and in addition the metrics impacted by any restatement are disclosed in the GRI Index available online at www.DFIretailgroup.com.

For the scope of coverage, we included all subsidiaries of DFI. Associates and Franchisees of DFI are out of scope unless stated otherwise.

Reporting limitation and assumption

In preparing the ESG-related information contained in this document, DFI has made a number of key judgements, estimations, and assumptions, and the processes and issues involved are complex. The ESG data, models, and methodologies used are often relatively new, are rapidly evolving, and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks, or globally accepted accounting principles. In particular, it is not possible to rely on historical data as a strong indicator of future trajectories, in the case of climate change and its evolution. Outputs of models, processed data, and methodologies are also likely to be affected by underlying data quality, which can be hard to assess and we expect industry guidance, market practice, and regulations in this field to continue to change. There are also challenges faced in relation to the ability to access data on a timely basis and the lack of consistency and comparability between data that is available. This means the ESG metrics discussed in this document carry an additional degree of inherent risk and uncertainty.

In light of uncertainty as to the nature of future policy, market response to climate change, and the effectiveness of any such response, DFI may have to re-evaluate its progress towards its ESG ambitions, commitments and targets in the future, update the methodologies it uses, or alter its approach to ESG analysis, and may be required to amend, update, and recalculate its ESG disclosures and assessments in the future, as market practice and data quality, accuracy, and availability develops rapidly.

ESG data limited assurance

Selected ESG data have been subject to limited assurance by PricewaterhouseCoopers. Their limited assurance report outlines the specific scope of the assurance provided and the conclusion. The appointment of PricewaterhouseCoopers was made by the Audit Committee. For further details, please refer to the Limited Assurance Report on page 79.

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Managing our ESG performance

ESG governance

In line with our commitment to ESG practices, we have established working groups for various ESG topics to drive our organisation's ESG agenda and strategy.

Each working group focusses on a specific ESG aspect, such as governance, social impact, or environmental stewardship. These working groups comprise cross-functional teams consisting of experts from relevant departments across our organisation, and report progress directly to the Sustainability Management Committee on a monthly basis during dedicated working group meetings.

By adopting working groups for different ESG topics, we demonstrate our holistic approach to ESG management. These working groups enable us to focus on each aspect of ESG governance, social impact, and environmental stewardship specifically, while supporting alignment with our overarching ESG agenda. Through their collaborative efforts, we believe these working groups play an important role in embedding ESG principles into our business strategy, driving positive change, and creating long-term value for our stakeholders. Please refer to the TCFD report (page 36 of this annual report) for the graphical illustration of DFI ESG governance structure.

ESG policies

DFI business ethics policies

DFI places a strong emphasis on business ethics and integrity, recognising our role in building trust, maintaining credibility, and fostering sustainable relationships. To ensure ethical conduct, DFI has established the following policies and guidelines that govern the actions and behaviours of all team members:

- Code of Conduct
- Data Privacy Policy
- Speak Up Policy
- Supplier Code of Conduct
- Information Security Policy
- No Gift Policy
- Personal Data Protection Policy

These policies encompass areas such as anti-corruption, conflicts of interest, fair competition, data protection, and confidentiality. By upholding these policies, DFI aims to conduct business with integrity, transparency, and accountability, thereby aiming to safeguard the interests of our stakeholders and upholding our reputation as a responsible corporate entity.

Jardine Matheson sustainability policies

As the parent company of DFI, Jardines has also established a comprehensive range of sustainability policies that outlines their commitment to responsible and sustainable business practices (www.jardines.com/en/sustainability/our-commitment):

- Climate Change
- Resources and Circularity
- Sustainability
- Diversity and Inclusion
- Human Rights
- Health and Safety

ESG materiality assessment

Stakeholder engagement

Stakeholders are defined as individuals, groups, or organisations that can influence or be influenced by DFI. By engaging with these stakeholders, DFI aims to mitigate any negative impact on society and the environment where possible. Among the many stakeholders, DFI identifies the following groups as the most impactful:

Stakeholder	Engagement method	Material ESG issues
DFI team members	Team member surveys, town hall meetings, focus groups, and regular communication channels	Community Engagement and Support, Human Capital, Health and Safety, Well-being, and Product Safety and Quality
Customers	Customer surveys and feedback mechanisms	Sustainable Packaging, Sustainable Products, Product Safety and Quality, Cyber Security and Data Protection
Suppliers	Supplier assessments, supplier code of conduct, and regular communication channels	Social Compliance, Ethics, and Anti-corruption
Investors and shareholders	Annual general meetings, result announcement investor relations communications, and sustainability reports	ESG Governance, Tax Governance
Community and non-governmental organisations (NGOs)	Partnerships, community outreach programmes, stakeholder consultations, and collaboration on initiatives	Community Engagement and Support
Regulators and government authorities	Compliance with regulations, participation in industry consultations, and regular reporting	Health and Safety, Well-being, Social Compliance, Product Safety and Quality, Ethics and Anti-corruption, Cyber Security, Data Protection, and Tax Governance
Industry associations and trade unions	Participation in industry forums, collaboration on industry-wide initiatives, and dialogue with trade unions	Climate Change, Waste, Water, Sustainable Packaging, Sustainable Products, Social Compliance, and Product Safety and Quality
Academia and research institutions	Collaborative research projects and knowledge sharing	Climate Change, Waste, Water, Sustainable Packaging, Sustainable Products, and Social Compliance
Media and public	Press releases, media interviews, social media engagement, and public events	ESG Governance
Board of directors and executive leadership	Board meetings, executive briefings, and regular reporting	ESG Governance and all material ESG issues listed above

Materiality assessment process

DFI conducted a materiality assessment in 2023 to prioritise issues for our sustainable development strategy and ESG reporting. This assessment played a crucial role in effectively allocating internal resources to address risks and opportunities, while meeting the evolving expectations of our stakeholders.

1. Identification

We identified relevant ESG issues based on a review of industry trends, international sustainability initiatives (including the United Nations Sustainable Development Goals), sustainability reporting frameworks like GRI and SASB, and material issues identified by ESG rating agencies and retail industry peers.

2. Evaluation

We invited both internal and external stakeholders to participate in an online survey. The purpose of this survey was to rank each sustainability issue based on the significance of its impact on the economy, environment, and society. By gathering input from stakeholders, we aim to gain an understanding of their perspectives and priorities regarding these sustainability issues.

Furthermore, our internal ESG team has considered sustainability trends, risks, opportunities, and impacts related to our business. Based on the analysis, the ESG team prioritised sustainability issues according to the significance of their impact. This process supported us to focus our efforts on addressing the most critical sustainability issues that have the greatest impact on our business and stakeholders.

3. Validation

Once ESG issues were identified and evaluated, their significance was assessed and prioritised. This analysis involved assessing the impact of the identified ESG issues on DFI and our stakeholders. Through our process of identification, evaluation, and validation, we have concluded on the below material ESG issues.

Material ESG issues

Material ESG issues	Description of risk and impact
Climate change	The physical effects of climate change, such as increased occurrences of severe flooding, stronger typhoons, and heatwaves, pose a significant threat to both our productivity and the resilience of our supply chains. Transition risks such as the introduction of carbon tax will also impact our economic baseline.
Waste	Excessive waste can lead to increased costs for waste management and disposal, damage to reputation and stakeholder perception, and potential legal compliance issues.
Water	Excessive water consumption has negative impacts on retail businesses, including increased costs, strained resources, and environmental harm.
Plastic	There is a growing concern regarding plastic waste, particularly single-use plastic, and the negative environmental impact it can have if not properly managed at the end of its life cycle. Regulations in markets in which DFI operates are also phasing out the sales of single-use plastic (e.g. Hong Kong in 2023).
Sustainable products	Non-sustainable products can lead to reputational damage, as consumers are increasingly concerned about the environmental and social impact of the products they purchase. Moreover, the lack of sustainable products on offer could impact long-term business growth and profitability.
Community engagement and support	Poor community engagement can lead to strained relationships with local communities, resulting in potential boycotts or protests. Additionally, lack of community engagement can hinder access to local resources and license to operate.
Human capital	Poor human capital management can result in decreased team members' morale, productivity, and engagement, leading to higher turnover rates and increased recruitment and training costs. Additionally, ineffective management of human capital can hinder innovation, collaboration, and overall organisational performance, ultimately affecting DFI's profitability.
Health, safety and wellbeing	In our operations across Asia, it is crucial for us to effectively manage health, safety, and overall well-being. Failing to uphold a safe working environment can hinder our ability to attract and retain team members.
Social compliance	Human rights issues in our supply chain can lead to reputational damage, as consumers increasingly demand transparency and ethical practices throughout the supply chain. Additionally, unethical sourcing can result in legal and regulatory issues, including fines and penalties.
Product safety and quality	Product quality and safety incidents can lead to reputational damage, loss of customer trust, and decreased sales. Additionally, such incidents can result in legal liabilities, lawsuits, and financial penalties, potentially impacting DFI's profitability.
Ethics and anti-corruption	Corruption incidents can erode trust from stakeholders, including customers, investors, and partners, and potentially lead to legal consequences, fines, and penalties.
Data privacy and cybersecurity	Data privacy and cybersecurity incidents can result in compromised customer data, financial losses, and potential legal liabilities, undermining trust and confidence in DFI. Additionally, these incidents can disrupt business operations, lead to regulatory scrutiny, and require significant resources to mitigate and recover from.
Tax governance	Poor tax governance could result in legal and regulatory issues, and potential financial penalties. Additionally, it may lead to strained relationships with tax authorities, impacting DFI's overall financial stability and long-term profitability.

Environmental

1. Climate change GRI 302,305

Humans are responsible for causing climate change by releasing carbon dioxide and other greenhouse gases ('GHGs') into the atmosphere. The increased concentration of carbon dioxide in the atmosphere today is unprecedented in at least the past two million years.

In the context of DFI's operations, GHG emissions can be categorised into Scope 1, Scope 2, and Scope 3 GHG emissions.

Scope 1 GHG emissions refer to direct emissions that occur from sources owned or controlled by DFI. In DFI's case, the burning of fossil fuels, such as gasoline or diesel, and the leaking of cooling refrigerant contributes to Scope 1 emissions. This can include emissions from vehicles, generators, or other equipment that directly burn fossil fuels. Cooling refrigerants, such as hydro-fluorocarbons ('HFCs'), are potent GHGs that are commonly used in cooling systems and can contribute to climate change.

Scope 2 GHG emissions are indirect emissions associated with the generation of electricity purchased by DFI. Purchased electricity from CLP or Hong Kong Electric are examples of activities in Hong Kong that can contribute to Scope 2 GHG emissions.

The majority of our Scope 1 and 2 GHG emissions come from energy consumption and refrigerant gas leakages. To mitigate climate risk, we allocate an annual investment of US$10-20 million, which accounts for approximately 5-10% of our total capital commitments each year. These funds are directed towards climate initiatives focussed on enhancing energy efficiency, reducing refrigerant emissions, and transitioning our fleet to electric vehicles where commercially viable. With all these initiatives, we believe we have a sufficient plan to achieve our targets for Scope 1 and 2 GHG emissions reduction.

The majority of our total GHG emissions fall under Scope 3, which refers to indirect emissions occurring throughout our entire value chain. This is not unusual for a retailer, given that these Scope 3 emissions are generated through various activities such as the production, manufacturing, and use of the products we sell. Our value chain encompasses a vast network of suppliers, producers, and farmers who provide products to millions of customers in Asia on a daily basis.

Scope 1 and 2 GHG emissions

DFI has set a target to reduce absolute Scope 1 and 2 GHG emission by 50% by 2030 compared to 2021 levels. This target has been validated by the Science Based Targets initiative ('SBTi') in 2023. Furthermore, by 2050, DFI aims to achieve net zero emissions compared to 2021 levels. To accomplish these objectives, DFI is implementing the following:

Refrigerants

DFI is actively working to reduce refrigerant gas emissions (Scope 1) through various initiatives. These include:

- Installation of Leak Detectors: DFI is installing leak detectors in our refrigeration systems to timely identify and address any leaks. This helps to minimise the release of refrigerant gas into the atmosphere.
- Dedicated Leak Fix Teams: DFI has deployed dedicated teams to promptly fix any detected leaks. By having specialised personnel focussed on leak repairs, DFI can ensure timely and effective resolution of any issues.
- Replacement of High Global Warming Gases: DFI is replacing refrigerants with high global warming potential ('GWP') with more environmentally friendly alternatives. This transition helps to reduce the overall impact of refrigerant emissions on climate change.
- Installation of New Systems with Lower Refrigeration Gas Charge: DFI is installing Water Loop refrigeration systems that have a lower refrigeration gas charge. This innovative system is designed to minimise the amount of refrigerant required (reduction of approximately 80% compared to traditional centralised systems), thereby reducing the potential for leaks.

Energy
DFI is investing in energy-efficient technologies and practices to reduce energy consumption in our stores, and the resulting Scope 2 GHG emissions. This includes the LED lighting roll-out across our stores, upgrading HVAC (heating, ventilation, and air conditioning) systems, implementing energy management systems, and installing energy efficient building technologies. Furthermore, there have been a number of upgrades to store refrigeration in Hong Kong and Singapore food stores which have increased energy efficiency, including but not limited to:

- Aerofoils: Aerofoil is a shelf edge technology to retain cool air within the fridge case on open front chillers. By reducing air leakage and minimising the loss of cold air, Aerofoils help the refrigeration system work more efficiently, thereby reducing energy consumption.
- Refrigeration LEDs: Traditional lighting systems in refrigerated display cases often use bulbs which generate heat. By replacing these conventional bulbs with energy-efficient LEDs (light-emitting diodes), the heat generation is minimised. This, in turn, reduces the load on the refrigeration system, leading to energy savings.
- Electronically Commutated ('EC') Fans: Compared to traditional alternating current fans, EC fans consume less energy while providing the same or higher airflow. By upgrading to EC fans, the refrigeration system can operate more efficiently and consume less electricity.
- Defrost on Demand: Defrosting is a necessary process in refrigeration systems to remove ice build up on evaporator coils. However, traditional systems often rely on fixed time intervals for defrosting, regardless of the actual need. Defrost on Demand systems utilise sensors to detect when defrosting is necessary and perform it only when required. This reduces the frequency of defrost cycles, saving energy in the process.
- Compressor Manager: The Compressor Manager is a control system that optimises the operation of the refrigeration compressors. It ensures that the compressors run at the most efficient capacity, adjusting their speed and load to match the refrigeration demands. By optimising compressor operation, energy wastage is minimised, resulting in energy savings.
- Gas Leak Detectors: Refrigeration systems rely on refrigerant gases to cool and maintain the desired temperature. However, leaks in the system can lead to refrigerant loss, compromising cooling efficiency and increasing energy consumption. Gas leak detectors continuously monitor the system for any leaks and alert maintenance personnel, enabling timely repairs and preventing energy waste.
- Central Remote Monitoring: This initiative involves implementing a centralised monitoring system for the refrigeration systems in all DFI's Food stores. It allows real-time monitoring and control of various parameters such as temperature, energy usage, and system performance. By closely monitoring the refrigeration systems, any anomalies or inefficiencies can be quickly identified and addressed, leading to improved energy management.
- Lead Compressor VSD: This technology adjusts the speed of the lead compressor in a refrigeration system based on the cooling load requirements. By modulating the compressor speed, energy consumption is optimised, as the system operates at the most efficient capacity to meet the demand.

DFI is also increasing the use of renewable energy sources in our operations. In 2022, Wellcome installed one of the largest solar panel systems in Hong Kong on the rooftop of its Fresh Food Centre and is continuing to harness solar energy in 2023. There are also a total of 5 IKEA Taiwan stores with solar panels, the most recent of which was installed in 2023. This growth in solar panel installation in DFI's retail network demonstrates DFI's commitment to renewable energy and sustainability.

Furthermore, DFI continues to engage our team members and raise awareness about the importance of sustainability and energy conservation. This includes providing training, promoting eco-friendly behaviours, and encouraging team members' participation in sustainability initiatives. DFI intends to continue these efforts through 2024, aiming to further embed sustainability and energy conservation practices within the organisation.

Fuel for own trucks
DFI outsources most of its logistics to third party providers, therefore fuel usage is a relatively small part of our Scope 1 GHG emissions. However, DFI still recognises the importance of improving fuel usage efficiency to minimise our environmental impact. To achieve this, DFI is focussing on two key strategies:

- Optimising Truck Loads and Routing: DFI aims to enhance fuel usage efficiency by optimising truck loads and routes. By maximising the capacity of each truck and planning efficient routes, DFI can reduce fuel consumption and associated emissions.
- Transitioning to Electric Trucks: In 2023, DFI purchased our first electric truck from Scania. This step marks the beginning of DFI's journey towards electrifying our fleet. The goal is to gradually replace conventional trucks with electric ones; however, this transition will be dependent on the commercial viability of such vehicles. This transition would significantly reduce emissions associated with fuel usage and contribute to a cleaner transportation system.

By prioritising fuel usage efficiency and pursuing the adoption of electric trucks, DFI is taking proactive measures to reduce our carbon footprint and promote sustainable transportation practices.

From 2021 to 2023, DFI reduced our Scope 1 and 2 GHG emissions by 19%. This reduction reflects DFI's efforts to reduce refrigerant gas emissions and increase energy consumption efficiency. However, it is important to note that Scope 2 GHG emissions increased from 2022 to 2023 due to the net store growth, hotter summer temperatures (2023 was the hottest June to August on record in Hong Kong), and increased store trading hours (2022 still impacted by COVID-19 related restrictions).

Scope 1 and 2 GHG emissions	**2023 kt CO_2e**	2022 kt CO_2e	2021 kt CO_2e	**% Change from 2021 to 2023**
Refrigerants	228	228	341	(33)
Fuel for own trucks	8	8	9	(9)
Total Scope 1	**236**	**236**	**350**	**(33)**
Electricity	341	335	361	(6)
Total Scope 2	**341**	**335**	**361**	**(6)**
Total Scope 1 and Scope 2	**577**	**571**	**711**	**(19)**
Scope 1 and Scope 2 intensity				
Tonnes CO_2e per US$m net sales	63	62	77	(19)

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

Energy consumption	**Million gigajoules**			**% Change from 2021 to 2023**
	2023	2022	2021	
Energy consumption – fuel	0.11	0.11	0.12	(8.4)
Energy consumption – electricity	2.48	2.39	2.48	(0.2)
Total energy consumption	**2.59**	**2.50**	**2.60**	**(0.6)**
Energy intensity				
Gigajoules consumption per US$m net sales	282	273	283	(0.3)

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

In 2023, DFI transitioned a loan facility (term 2023 to 2026) to a sustainability linked loan, for which a syndicate of banks have offered an interest rate discount if DFI achieve three Sustainability Performance Targets, one of which relates to GHG Emissions Scope 1 and 2 reduction targets in line with our net zero plan. Moody's assigned a sustainability quality score of 'Good' to this sustainability linked loan, and specifically commented 'the magnitude of the ambition of the Sustainability Performance Targets related to (GHG emission Scope 1 and 2) reduction is 'high' because (DFI's) performance targets are in line with the most ambitious Paris Agreement goal and validated by SBTi'. The Paris Agreement's aim is to strengthen the global response to the threat of climate change by keeping global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels (the most ambitious goal is to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius).

Scope 3 GHG emissions

DFI have had our near-term target reduction of 25% of targeted Scope 3 categories (by 2030 from 2021 levels) validated by SBTi, indicating DFI's commitment to aligning with a trajectory below 2°C of global warming. Achievement of this target is dependent on the pace of the transition in the jurisdictions in which we operate (which includes developing economies) including the development and evolution of policy and regulatory frameworks which support the decarbonisation of the wider economy. To achieve a substantial reduction in emissions throughout our value chain, it is crucial to have the involvement of governments, collaboration with suppliers, and effective communication with customers. This means that our capacity to influence carbon reduction presents both risks and opportunities. The success of our efforts will depend on the strength of our relationships, both upstream and downstream, within our value chain.

DFI continues to work to improve the completeness of our Scope 3 GHG emission data. In 2023, DFI has transitioned from a spend-based approach to an activity-based method, focussing on the weight of the products procured (Category 1). DFI has also split the Scope 3 Category 1 inventory into Forest, Land, Agriculture ('FLAG') emissions and non-FLAG emissions. This shift allows DFI to gain a more accurate understanding of the environmental impact associated with our supply chain activities, supporting us to identify areas for improvement and implement targeted sustainability measures.

DFI has identified Category 1 Purchased Goods and Services products as the main driver of our Scope 3 emissions, which accounts for 65% of our 2023 Scope 3 GHG emissions, and structured our net zero plan around them. Among Category 1 Purchased Goods and Services, rice purchased accounts for a significant portion of DFI's Scope 3 emissions. DFI is working on a pilot to grow sustainable rice using the Alternate Wetting and Drying ('AWD') method. AWD is a water management technique that involves periodically drying and re-flooding rice fields. This practice could help consume water in a more efficient way while reducing methane emissions by up to 50%. We are also working on plans to reduce Scope 3 GHG emissions from other products purchased and categories.

For information on the limitations of our Scope 3 GHG emissions disclosures, please see the Methodology section below.

Scope 3 GHG Emissions

Scope 3 category	2023 kt CO_2e	2022 kt CO_2e	2021 kt CO_2e	% of Scope 3
Category 1 Purchased goods and services – Products (FLAG)	1,360	1,472	1,536	41
Category 1 Purchased goods and services – Products (non-FLAG)	818	852	866	24
Category 2 Capital goods	63	75	77	2
Category 3 Fuel- and energy-related activities	121	117	133	3
Category 4 Upstream transportation	95	91	68	3
Category 5 Waste generation	23	27	28	1
Category 6 Business travel	6	6	7	–
Category 7 Team member commuting	30	33	34	1
Category 9 Downstream transportation and distribution	3	5	6	–
Category 11 Use of sold products	54	59	57	2
Category 12 End-of-life treatment of sold products	157	152	134	5
Category 14 Franchises	78	79	75	2
Category 15 Investments	540	610	680	16
Total	**3,348**	**3,578**	**3,701**	**100**
% of Scope 3 in total emission	85%	86%	84%	

Note: Excluded Scope 3 categories 8. Upstream leased assets (covered in Scope 1 and 2), 10. Processing of sold products (no intermediate products sold to customers), 13. Downstream leased assets (only few assets leased to others).

The main reason for the decrease in Scope 3 from 3.7mt CO_2e in base year 2021 to 3.3mt CO_2e in 2023 is due to store closure in Indonesia. Note that store openings across the group are also included.

Methodology

Scope 1 and 2 Methodology

DFI follows a comprehensive methodology to calculate Scope 1 and Scope 2 GHG emissions, the key elements of which are:

Energy Consumption Calculation: Actual electricity bills are collected from the majority of markets, accounting for 84% of total energy consumption in 2023. For the remaining markets, an analytic based on electricity spend is used to estimate energy consumption.

GHG Emission Conversion Factors: To convert energy consumption from kilowatt-hours (kWh) into carbon dioxide equivalent (CO_2e), GHG emission conversion factors are applied. The latest 2023 emissions factors provided by the International Energy Agency ('IEA') are used. Location-based electricity emission factors are adopted, sourced from Energy Providers and Government websites for Hong Kong, Macau, Chinese mainland, and Taiwan (based on 2022 data).

Refrigerant Gas Calculation: Invoices for all purchased refrigerant gas are collected and the weight in kilograms is totalled by store, market, and business. Global Warming Potential emissions factors from the Intergovernmental Panel on Climate Change's Sixth Assessment Report are used to calculate the impact of each gas purchased relative to one unit of CO_2.

Reporting and Tracking: GHG emissions are measured at the store level and reported monthly. Progress against annual targets is tracked, with these targets forming the pathway to achieving net zero GHG emissions. Divested businesses are excluded from the baseline, while emissions from store expansion are included in the total emissions calculation (in line with SBTi guidance calculation methodology). Therefore, we have excluded Malaysia Food as we divested this business in 2023. Furthermore, franchisee stores are excluded from Scope 1 and 2 figures (but included in Scope 3).

DFI's methodology supports a comprehensive and transparent approach to measuring and tracking GHG emissions, enabling DFI to monitor progress and work towards our net zero goals.

Scope 3 Methodology
DFI acknowledges the challenges associated with tracking and precisely calculating Scope 3 carbon emissions, especially when working with a large number of vendors who source materials and ingredients from various suppliers worldwide. To address this complexity, DFI strives to follow the guidelines provided by organisations such as the World Business Council for Sustainable Development ('WBCSD'), World Resources Institute ('WRI'), GHG Protocol, and SBTi reporting requirements. Our reporting methodology is summarised below:

- The scope for Scope 3 carbon emissions has been revised to remove businesses divested during 2023.
- The 2022 full year inventory is calculated using a spend-based analytic of the 2021 inventory. 2023 full year inventory is calculated based on the actual spend and weight data.
- Majority of the categories' emissions are calculated using the latest spend based Environmentally-Extended Input-Output ('EEIO') emission factors.
- Category 1 Purchased Goods and Services: DFI has split the FLAG and non-FLAG emissions, and changed the methodology from spend-based to activity-based (weight) for the most significant portion of product emissions. FLAG (Forest, Land, and Agriculture) emissions encompass land use change and land-related activities that impact the climate. The methodology for FLAG is to multiply the weight of food products with agricultural emission factors and non-FLAG emission factors (processing, packaging, and transportation) respectively.
- 95% of the FLAG products use emission factors from the Agribalyse database, and the remaining are from other databases and scientific research papers. Agribalyse is the most comprehensive food related emission database accessible and provides emission factors by stages. It is recognised by GHG Protocol as one of the 'Land Sector Calculation Resources'. Remaining non-FLAG emissions are calculated using EEIO emission factors where available.
- Categories 2 to 4: Calculated using spend based emissions factors (EEIO where available).
- Category 5 Waste Generation: Multiply the amount of waste by type and disposal method with corresponding UK Government Department for Environmental Food & Rural Affairs emission factors.
- Category 6 Business travel: Travel record (origin and destination for travel, hotel expense for rental) from travel system multiplied by EEIO emissions factors.
- Category 7 Employee commuting: Apply a weighted average commute emission by region, based on average commute distance and travel mode.
- Category 9: Downstream transportation and distribution: Sales in external delivery platforms multiplied by EEIO emissions factors.
- Category 11 and 12: Disposal method by country considered to apply specific emission factors.
- Category 14 Franchises: Convenience franchises in Hong Kong, China, Singapore are included (previously in Scope 1 and 2).
- Category 15 Investments: Taken from most recently available information disclosed for Yonghui, Robinsons, Maxims and Guardian Vietnam (where information is not disclosed, a proxy based on sales has been used).

2. Waste GRI 306

Product and non-product waste

DFI is fostering a transition towards a circular economy by minimising and effectively managing our waste streams. Alongside our efforts to reduce food waste, we also prioritise recycling other materials such as paper, plastic, and aluminium whenever feasible. DFI is focussed on the transition towards a circular economy and has set a waste diversion target of 80% by 2030. Across our markets, we have rolled out recycling and donation initiatives to reduce waste sent to landfills and work towards meeting this target.

Since 2022, the Wellcome Fresh Food Centre ('WFFC') team has taken sustainable measures to divert waste by collaborating with NGOs to pick up our polystyrene boxes, reuse pallets, and look for recovery channels for temperature data loggers (which are traditionally single-use). We have joined the pilot scheme on food waste collection from the Environmental Protection Department and Hong Kong Organic Waste Recycling Logistics in Hong Kong, diverting about 850 tonnes of food waste generated in the WFFC this year.

DFI implements paper and cardboard recycling programmes and provides appropriate recycling infrastructure through informal waste collector and third-party contractors to ensure that paper and cardboard waste generated in our distribution centres, stores, and offices are diverted from landfills and recycled into new products. Furthermore, any hazardous waste from used batteries are all targeted for recycling.

These initiatives collectively demonstrate DFI's efforts to minimise waste, promote recycling, and raise awareness among our team members. By integrating these practices into our operations, DFI is working towards a more sustainable approach to waste management.

Waste disposed and diverted	**2023 tonnes**	2022 tonnes	2021 tonnes
Disposed waste			
Product waste (Food)	**15,060**	16,829	21,873
Product waste (Non-Food)	**773**	822	1,168
General	**9,691**	9,167	8,943
Paper	**5,582**	5,696	6,067
Plastic	**185**	232	221
Polyfoam	**257**	272	221
Total disposed waste	**31,548**	**33,018**	**38,493**
Diverted waste			
Product waste (Food)	**2,146**	699	336
Product waste (Non-Food)	**–**	–	–
General	**2,922**	3,361	3,533
Paper	**30,662**	30,246	29,340
Plastic	**473**	493	371
Polyfoam	**197**	178	224
Hazardous	**32**	36	56
Total diverted waste	**36,432**	**35,013**	**33,860**
All waste	**67,980**	**68,031**	**72,353**
Diverted waste %	**54%**	**51%**	**47%**

Diverted waste by method	**2023 tonnes**	2022 tonnes	2021 tonnes
Recycled	33,786	33,379	33,498
Reused	1,234	989	26
Donated	1,412	645	336
Total	**36,432**	**35,013**	**33,860**

Methodology

DFI has implemented a comprehensive approach to account for product waste and non-product waste in our operations:

Product Waste

DFI tracks product waste (both food products and non-food products) by accounting for the net weight, which is based on store shrinkage records and the article master list. This allows DFI to quantify the amount of product waste generated accurately. Diversion weight is calculated based on NGO (e.g., Foodlink) or government (EPD for OPark donations) recordings of donated or recycled waste.

DFI estimates the weight of primary packaging using proxy data provided by an external waste consultant ('ERM'). This proxy has been updated in 2023 based on site visits in Hong Kong, Singapore, and China (both stores and distribution centres) and over one thousand surveys with store managers. The conclusions drawn form this collated data is then extrapolated to estimate primary packaging weight in other markets.

Non-Product Waste

Store Secondary Packaging (paper carton boxes, polyfoam boxes) and General Refuse (from customers and staff, mostly consisting of food containers and packaging) waste is calculated by weighing selected sample products in Hong Kong, Singapore, and China stores, and extrapolating the collated data to other markets based on sales activity. This method, again updated in 2023 through consultation with ERM, provides an estimation of the store non-product waste generated across DFI's operations. The exception is plastic wrap/film, which is calculated using actual purchase records.

The proxy for non-product waste diversion rates is then also based on site visits across our store network and survey responses from hundreds of store managers who deal with the waste on a day-to-day basis. DFI updated this proxy for non-product packaging data based on 2023 site visits and surveys, and therefore 2021 and 2022 waste amounts and diversion rates have been updated to reflect this updated proxy and ensure comparability.

For distribution centre non-product waste, DFI calculated the disposal and diversion of non-product waste based on invoice data directly obtained from the collector of the waste. Hazardous waste includes used batteries from the distribution centres, the weight of which are traced directly to recycling records.

3. Water GRI 303

DFI conducted baseline analysis on water consumption and conducted a thorough mapping of our operational areas. This approach supports DFI to understand our exposure to water risks and develop appropriate mitigation strategies. By measuring water consumption, DFI can assess our current usage patterns and identify areas where water conservation measures can be implemented. This enables DFI to make informed decisions and implement targeted initiatives to reduce water consumption.

In addition to measuring water consumption, DFI has engaged third party engineering and sustainability consultant – ARUP to conduct a water risk mapping exercise to identify operational areas with high water scarcity. This mapping process involved assessing the availability, quality, and reliability of water sources in different regions where DFI operates. By understanding the specific water risks associated with each operational location, DFI can prioritise our efforts and seek to allocate resources effectively to address these challenges.

The mapping exercise also helps DFI identify potential vulnerabilities in our supply chain and operations. By having a clear picture of the areas with high water scarcity, DFI can work collaboratively with suppliers, local communities, and stakeholders to implement strategies that promote responsible water management and reduce risks.

DFI measured water consumption for the first time in 2023 and is considering plans to target reduced water consumption in the future.

Water consumption 2023 (million litres)	Source	Non-stressed area	Stressed area	Total
Water withdrawal and discharge	Third-party water	2,162	28	2,190

Water Stress Assessment: Majority of our operating locations (5,599) are in non-stressed areas. For Indonesia however, 34 of our stores in Java are classified as being in a stressed area, which is 0.6% of the total number of locations.

Methodology

The water consumption figures presented in this report have been obtained through a process involving the conversion of water costs from billing using specific conversion factors. In order to support accuracy and reliability, DFI collaborated with ARUP who provided their expertise in determining the appropriate spend based conversion factors for water consumption calculations. Where spend was deemed an inappropriate estimation due to utility billing consolidation (e.g. Hong Kong where water is billed from the landlord and not directly related to consumption), water bills were obtained for each store type, and the consumption per bill extrapolated based on the number of store types in that location.

Additionally, the on-site visits conducted by ARUP allowed for a detailed understanding of DFI's operational activities and water usage patterns. By examining water infrastructure, monitoring systems, and water management practices at DFI's facilities, ARUP was able to provide insights and data to support the determination of reliable conversion factors. Furthermore, samples were taken from DFI store water discharge, and subsequent lab testing concluded that the water was 'fresh' (below 1,000mg/l dissolved solids).

4. Plastic GRI 306

Plastic waste has various impacts on biodiversity, such as ingestion by marine life, and pollution from its toxic components if not recycled or treated properly. DFI recognise the importance of managing plastic and is working toward reducing plastic in our operations.

Plastic packaging

We are exploring alternative packaging materials to reduce our environmental impact. DFI is also setting targets for own brand plastic packaging to be 100% Designed for Recycling by SKU count by 2030 (see methodology for definition) wherever appropriate packaging technology is available to ensure product safety and quality. These targets reflect DFI's goal to reduce plastic waste and promote sustainable packaging solutions. DFI is a member of the Plastic Waste Coalition and has implemented the following Consumer Goods Forum Golden Design Rules to ensure the packaging is optimised for recyclability: Increase Recycling Value in PET Bottles, Remove Problematic Elements, Increase Recycling Value in PET Trays, Increase Recycling Value in Rigid HDPE and PP, Reduce Virgin Plastic in B2B Packaging, and Use On-Pack Recycling Instructions.

DFI recognises the importance of addressing the issue of plastic waste at its source. To support this, DFI is involved in policy advocacy efforts. For instance, DFI is working closely with Drink Without Waste, a coalition in Hong Kong that aims to reduce plastic waste from bottled beverages.

Own brand products with plastic packaging that is Designed for Recycling (SKUs)	2023
Own brand products with plastic packaging (SKUs)	**1,290 (100%)**
Own brand products with plastic packaging that is technically Designed for Recycling (SKUs)*	**733 (57%)**

* To meet these criteria every component of the plastic packaging must be recyclable.

Methodology

Our reporting on plastic packaging is conducted at a component level for almost all of our brands. This means that we track and report the use of plastic in various packaging components. However, some brands may have less detailed data, and in these cases we will classify the product packaging as plastic if the main structural element of the packaging is plastic.

For a packaging or packaging component to be reported as Designed for Recycling, two conditions must be met. Firstly, its successful post-consumer collection, sorting, and recycling must be proven to work practically and at scale. Secondly, no materials or components should disrupt the recycling system.

The definition of Designed for Recycling in this section of the report means that the products meet these two conditions, however the local logistics of where we operate mean that there is not necessarily capacity to recycle all of these products. Whilst we hope that these logistics will improve in the future, we are not directly responsible for them.

The current data excludes all 7-Eleven and IKEA operations, and we aim to address the gap in 2024. We are committed to continuously improving our reporting and working towards a more sustainable approach to plastic packaging. This is shown through the expansion of our ESG reporting from the top 100 own brand products per category to all own brand products that are on sale.

Plastic bags

Hong Kong and Singapore banners started charging for plastic bags due to government enforced levies (Hong Kong levy was increased from 1st January 2023, Singapore had a newly introduced levy since January 2023). This data represents the purchased number of bags for Hong Kong and Singapore business multiplied by the average weight of that bag category.

Plastic bags consumption	2023	2022
Plastic bags (tonnes sold in Hong Kong and Singapore)	1,524	2,721

Plastic Wrap

Plastic wrap is used to provide an additional layer of protection and stability during transit. The plastic wrap helps to secure items together, preventing shifting or damage during handling and transportation. We understand the concerns regarding plastic waste and are actively exploring options to reduce our reliance on plastic wrap or find eco-friendly alternatives that still meet our transportation needs, such as:

- Recyclable Plastic Wrap: DFI utilises recyclable plastic wrap, which reduces the environmental impact of plastic waste. By choosing recyclable materials, DFI supports the circular economy and encourages the recycling of plastic packaging. For example, DFI's distribution centres are switching from black plastic wrap to transparent plastic wrap, which is more easily recycled.
- Reducing Plastic Wrap Usage: DFI works to reduce the overall use of plastic wrap. By implementing efficient packaging practices and exploring alternative packaging solutions, DFI aims to reduce the amount of plastic wrap used in our operations.

Plastic wrap consumption	2023	2022
Plastic Wrap used in Operations (tonnes)	486	518

Methodology

The weight of plastic bags and plastic wrap used by DFI is calculated based on procurement data. Plastic bags are specifically considered for Hong Kong and Singapore only, while plastic wrap encompasses the entire group.

5. Sustainable products

DFI recognises the importance of sustainable food production and sourcing and acknowledges that through our role as a major food retailer in Asia it must work to support change in these areas. This is reflected in various initiatives and sustainable sourcing practices across our own brand product lines:

- Sustainable Seafood: DFI ensures that all our own brand canned tuna products are sourced from Marine Stewardship Council certified fisheries. This certification ensures that the seafood comes from sustainable and well-managed fisheries.
- Sustainable Cocoa: DFI's Meadows Gold Chocolate products are certified by the Rainforest Alliance. This certification ensures that the cocoa used in these products is sourced sustainably, promoting biodiversity conservation and fair treatment of farmers.
- Sustainable Coffee Beans: Coffee beans being used in 7-Eleven Café in Singapore, Hong Kong, and Macau are certified by the Rainforest Alliance. This certification guarantees that the coffee beans are produced using sustainable farming practices, protecting the environment and supporting the livelihoods of coffee farmers.
- Paper: DFI aims to ensure that 100% of our grocery paper products are FSC™-certified by 2028, demonstrating DFI's commitment to reducing waste and promoting responsible sourcing throughout our operations.

Own brand products with sustainability certifications	2023	2022	2021	Scope
Total number of own brand products (SKUs, and percentage of range)	**87 (24%)**	48 (11%)	27 (6%)	Own brand pre-packaged products within selected categories

Methodology

We take into account the number of own brand products (by SKU) that have received globally recognised sustainability certifications. The scope of these certifications covers a range of aspects such as protecting the environment, communities, human welfare and wildlife, and safeguarding animal welfare. The percentage is calculated as the total per own brand category, it is not the total percentage of all DFI own brand product sold. The categories included are seafood, palm oil, eggs, coffee, cocoa, and paper. Note that this metric excludes DFI IKEA, however we will endeavour to include in future years' disclosure.

Social

6. Community engagement and support

Community investment

At DFI, we aim to create value for our communities, with the priorities being reducing hunger and raising self-esteem. We have chosen to partner with NGOs or charity partners to address the needs of the communities in which we operate. Local organisations are prioritised given their proximity with the local stakeholders. We also actively seek feedback from local communities to improve the planning and execution of our charity programmes.

For example, one of DFI's brands 7-Eleven, launched the '*Sik Tak Fan La*' Charity Programme in collaboration with Pei Ho Counterparts, a charitable organisation, which aims to provide food and assistance to individuals facing financial difficulties. For details information on the programme, please refer to DFI's website (www.DFIretailgroup.com).

There was a higher level of community investment in 2021, mainly driven by donation of physical assets and other resources for COVID-19 relief.

Community investment	2023	2022	2021
Community investment (US$000)	**3,670**	3,558	10,158

Methodology

Community investment includes all the donations we have made to charitable organisations from both DFI subsidiaries and associates, which includes direct monetary donation, product donation and sponsorships. For product donation, monetary value is derived based on the cost of products.

Team member volunteering

By actively encouraging and supporting team members' volunteering, we showcase our commitment to making a positive impact beyond our business operations. These activities can range from supporting education programmes for underprivileged children to environmental conservation efforts or assisting local charities. By engaging in these initiatives, DFI team members can give back to the community, contribute to social causes, and make a tangible difference in the lives of others. Further details of volunteering work DFI and team members participated can be found on DFI website, social media, and Sustainability Report.

Team member volunteering hours	2023	2022	2021
Team member total volunteering hours (Hong Kong only)	**1,129**	922	944

Methodology

Volunteering hours refer to the amount of time team members contributes to a charitable or non-profit organisation without receiving financial compensation. Only Hong Kong is disclosed as this is the only market for which data is readily available.

7. Human capital GRI 401, 404, 405

Talent development and training

Team members' training plays a key role in enhancing skills, knowledge, and capabilities of team members, ultimately leading to improved performance and productivity. Training programmes provide team members with the opportunity to acquire new skills, refine existing ones, and stay updated with the latest industry trends and technologies.

DFI invests in training programmes to prepare its team members for the evolving landscape of the retail industry. To that end, DFI offers more than 130 training programmes for team members, which cover a wide range of business skills such as data analytics, design thinking, functional skills, professional skills such as problem-solving, collaboration, influence, strategic planning, among others, to help our individual contributors enhance their capabilities at work. These programmes are delivered in various formats, including eLearning, virtual sessions, and face-to-face interactions, to accommodate the diverse preferences of our team members. Trainings are provided on cybersecurity, anti-discrimination, health and safety, diversity, and other related topics ensuring DFI team members operate in a safe, secure, and equal environment.

To support career advancement and preparing team members for managerial and leadership positions, we also provide leadership training programmes aimed at developing the necessary skills and competencies for future leaders, the DFI Commercial Graduate Trainee Programme (a DFI led functional-specific programme to cultivate a pool of Commercial talent and nurture future leaders) and Jardines Executive Trainee Programme (a rotation programme of executive trainees across the group of companies). We also offer leadership skill and development training, such as Building Better Leaders, Inclusive Leadership, and Jardines Leadership Development Programmes.

DFI aims to upskill its team members and build a capable workforce in delivering our objectives. We have targeted to achieve 14.2 average training hours per team member for all team members in 2024.

Average training hours per team member	2023	2022	2021
All team members	**13.6**	14.1	16.1

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

It is noted that in 2022, we introduced a knowledge check before proceeding to mandatory training. Therefore, if team members achieve the required proficiency level in the knowledge check, they can pass the training as their knowledge and understanding of the training subject are deemed sufficient. Whilst training hours per team member has decreased, the completion rate of mandatory training in 2023 remains high.

Methodology

Training is defined as any type of knowledge-based and skills-based session, attended by team members on a compulsory or voluntary basis. The number of training hours include in-person sessions, and virtual sessions delivered on internal e-learning platforms. It excludes 'on the job' training. For fundamental topics, all team members are required to attend at the start of their employment contract, followed by periodic compulsory refresher training.

In calculating average training hours per team member, one part time team member is counted as equal to 0.5 of a full time team member. The total number of employees used in the calculation is based on the year end number.

Team member benefits and retention

Experienced team members possess valuable knowledge and expertise that they have acquired through their tenure with DFI. Retaining such talent ensures that this knowledge remains within the organisation, benefiting overall performance and productivity. High turnover rate also has implications on cost structure. DFI strives to retain team members with the below strategies:

Team Members Benefits and Recognition:

DFI offer a range of market competitive benefits to our team members, including but not limited to medical benefits, life insurance, purchase discounts at DFI's outlets, retirement benefits and flexible work arrangement for office team members.

To mitigate retention risk, DFI seeks to ensure that our benefits and remuneration offers are in line with market standards. Therefore, DFI conducts regular reviews of our employment policies, remuneration, and benefits packages. These reviews allow DFI to make necessary adjustments and enhancements to our compensation and benefits packages, so that team members are rewarded appropriately for their contributions with the aim that they feel valued and motivated within the organisation.

Furthermore, DFI actively seeks the sentiments and views of our colleagues through the annual '*Your Voice Counts*' survey which is sent to all team members. These surveys provide an avenue for team members to voice their opinions, concerns, and suggestions, enabling DFI to better understand their needs and expectations. By analysing the survey results, DFI identifies areas for improvement and implements targeted initiatives that prioritise team members satisfaction and engagement, and enhances our talent retention strategy.

To recognise the dedication and contribution of team members, DFI offers long service awards at different service milestones as celebratory gift.

Performance Evaluations and Reward Principle
We conduct regular performance evaluations to assess individual and team performance. These evaluations serve as a platform for constructive feedback on performance and discussions on career development and growth opportunities. They are conducted through a transparent and objective process that evaluates team members' achievement of their individual and team goals. It ensures fairness and provides a basis for recognising and rewarding strong performance.

At DFI, we believe in recognising and rewarding team members based on their contributions, performance, and alignment with company values. Our reward framework is designed to foster a culture of meritocracy and incentivise high performance. We believe we offer a fair and transparent system that ensures team members are recognised and rewarded accordingly. We regularly conduct salary benchmarking to ensure that our team members' compensation remain competitive. Performance evaluations play a crucial role in determining the extent of pay increases, with high-performing team members receiving greater consideration.

Team member turnover	**2023**	2022	2021
Team member turnover (full-time voluntary)	**27%**	27%	27%

We note that the above turnover rates do not compare unfavourably to other equivalent retailers that have disclosed this information, and is reflective of the dynamic nature of the retail industry.

Methodology

Turnover includes only full-time team members that have chosen to leave DFI voluntarily. Turnover percentage refers to the number of leavers as a percentage of the average number of team members within the calendar year.

Diversity

DFI strives to create an inclusive work environment where every individual has an equal opportunity to grow and thrive. DFI recognises the value of diverse perspectives and experiences in driving innovation and fostering a positive workplace culture. DFI has the below initiatives to bolster organisational diversity culture and practices:

- Conscious Inclusion Training for Executives and Leaders: All top 400 leaders have been through a half day conscious inclusion training to promote cultural awareness, minimise bias in the work environment and hiring practices. These programmes aim to drive diversity awareness from top, fostering a more inclusive and diverse workplace.
- Team Members Diversity Training: Diversity and inclusion trainings are provided to team members which aims to reduce biases and prejudices, creating a more inclusive workplace where everyone feels valued and respected.
- AI Technology for Diversity: Utilise AI-powered software to track and suggest gender-neutral wording in communication materials, including job descriptions. This technology can help eliminate unconscious bias in language and promote a more inclusive hiring process. Additionally, DFI leverages software to track diversity metrics for job applicants, enabling DFI to refine our diversity strategy and ensure equal opportunities for all.
- Targeted Recruitment for Diverse Talent: To help ethnic minorities achieve equity within the community, in 2022, we joined the Emerging Talent Internship Programme in collaboration with The Zubin Foundation, a Hong Kong based charity that aims to improve the lives of ethnic minorities in the city, to offer internship opportunities for those who may be marginalised.

We are monitoring the diversity of DFI with the below metrics:

Team members diversity	2023	2022
Gender		
Male	16,525 (35%)	15,810 (35%)
Female	30,940 (65%)	29,809 (65%)
Age group		
Under 30 years old	15,737 (33%)	15,280 (33%)
30-50 years old	22,071 (47%)	21,351 (47%)
Over 50 years old	9,657 (20%)	8,988 (20%)
Work region		
Hong Kong	20,167 (43%)	18,687 (41%)
Macau	1,880 (4%)	1,953 (4%)
Chinese mainland	6,631 (14%)	6,469 (14%)
Singapore	6,148 (13%)	5,966 (13%)
Indonesia	4,891 (10%)	4,816 (11%)
Others	7,748 (16%)	7,728 (17%)
Job type (permanent and temporary)		
Permanent*	40,755 (86%)	n/a
Temporary†	6,710 (14%)	n/a
Job type (full time and part time)		
Full time	29,547 (62%)	29,384 (64%)
Part time	17,918 (38%)	16,235 (36%)
Total		
Total team members	47,465 (100%)	45,619 (100%)

* Permanent team members are contracted for full time or part time work for an indeterminate period.

† Temporary team members are contracted for a defined duration.

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

Gender diversity in senior leadership in %	2023	2022
Male	62%	65%
Female	38%	35%

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

DFI is targeting 40% female gender diversity in senior leadership by 2025.

New hires	2023	2022
Age		
Under 30 years old	**16,083 (60%)**	14,982 (60%)
30-50 years old	**7,911 (30%)**	7,617 (31%)
Over 50 years old	**2,628 (10%)**	2,153 (9%)
Total		
Total new hires	**26,622 (100%)**	24,752 (100%)

Methodology

A thorough process is put in place to extract data from our Human Resources system, which automatically calculates the metrics shown above. All data above is as of 31st December 2023. Senior leadership is defined as Grade 17 or above according to the Willis Towers Watson Global Grading System, which we have matched to the DFI grading system for direct comparison.

Gender pay equity

DFI recognises the significance of gender equity and has taken a proactive approach to review and monitor gender pay ratio per job level in two of our most significant markets, Hong Kong and Singapore. DFI will regularly monitor gender pay equity, and attempt to bridge any observed pay gaps.

	Hong Kong		Singapore	
Gender pay ratio per job level	**Median**	**Mean**	**Median**	**Mean**
Senior leadership	0.95	0.87	1.06	1.09
Middle manager and senior professional	0.98	0.98	0.99	1.00
Supervisory and professional	0.95	0.95	1.01	1.02
General support staff	0.94	0.95	0.95	0.98
All team members (simple average of all 4 levels)	**0.95**	**0.94**	**1.00**	**1.02**

Data as of 1st January 2024. Ratio based on rate of basic salary for full time team members.

Methodology

The Gender Pay Ratio is a metric used to assess the disparity in basic salary between men and women. It measures the difference in salary across genders with female being the nominator. The Gender Pay Ratio is reported by 4 levels: Senior Leadership, Middle Manager and Senior Professional, Supervisory and Professional, and General Support Staff. For each of the locations, both the median and the average are provided for full transparency. The Gender Pay Ratio for All Team Members is the simple average of the Gender Pay Ratio for each of the 4 levels. The mean is the average value obtained by summing all data points and dividing by the total number of team members, while the median is the middle value in a dataset when arranged in ascending or descending order.

8. Health, safety, and well-being GRI 403

Health and safety

Team members health and safety is important to DFI. It is crucial for several reasons, including the well-being of team members, customers, legal compliance, and overall business success. Prioritising team members health and safety creates a positive work environment, fosters team members morale, and contributes to increased productivity.

We endeavour to create a safe working environment that promotes the well-being and success of our team members and to comply with all Health and Safety ('H&S') regulations across all operating countries and businesses. Managed and implemented by DFI's Health and Safety team, DFI has implemented a Health and Safety Management System to ensure safety across our stores, store support centres, and distribution centres. The system consists of below key activities:

- Occupational Health and Safety ('OHS') Risk Assessment: DFI prioritises risk assessment and prevention to reduce workplace accidents and protect the health and safety of our team members. DFI focusses on the health and safety risks faced by team members working in stores and warehouses. For example, the distribution centres' risks are associated with access to loading docks and operating machinery.
- Awareness and Training: To promote workplace accident prevention, DFI starts awareness training during the team members' orientation process. Our objective is that new hires receive training upon arrival where possible to familiarise themselves with the professional risks associated with their work environment. This training helps them to learn how to protect themselves against these risks and whom to notify in case of hazardous situations.
- Promote Safe Practices and Culture: DFI has established and promotes good practices throughout our operations. This includes fostering a safety culture that encourages team members to prioritise their own safety and the safety of others. By promoting awareness, communication, and adherence to safety guidelines, DFI aims to create a culture of safety and accountability.
- Safe Working Practices: DFI has integrated safe working practices into our operations. This includes implementing standardised procedures and protocols that prioritise the safety of team members. By following these practices, DFI aims to minimise workplace hazards and create a secure environment for our team members.
- Modern and Well-Maintained Equipment: DFI provides our team members with modern and well-maintained equipment. By regularly inspecting and maintaining equipment, DFI ensures that it operates safely and efficiently. This proactive approach helps prevent accidents and injuries caused by faulty or outdated equipment.
- Monitoring and Reporting: DFI actively encourages our team members to report any injuries or near-miss incidents to OHS responsible officers. By promptly reporting such incidents, team members contribute to creating a safer working environment. Additionally, DFI advises team members to follow the guidelines provided and remove themselves from the area if necessary. This proactive approach ensures that potential hazards are addressed promptly and that team members are protected from further harm.
- Monitoring and Review: DFI actively reviews and monitors data related to injury rates and injury hotspots to enhance our OHS system and practices. By analysing this data, DFI identifies areas for improvement and implements measures to achieve continuous enhancement in our OHS system.

DFI's focus on providing a safe working environment demonstrates our dedication to the well-being and success of our team members. By integrating safe working practices, maintaining modern equipment, and establishing good practices, DFI strives to create an environment where team members can thrive while minimising the risk of workplace accidents and injuries.

DFI are continuing to ensure we have oversight of the work-related injury reporting framework, ensuring that all markets are tracked. Several initiatives were undertaken in 2023 to raise awareness on H&S, including reporting on incidents through reporting near misses and dangerous occurrences, 'raising awareness campaigns' monthly newsletter, and new QR code reporting system launch. This has inevitably had an impact on the number of injuries reported in 2023, which is potentially reflective of an improvement in reporting culture.

Whilst we have strived to create a safe working environment across all of our businesses, there was unfortunately a fatality recorded during the year. We believe that this fatality was not work related, however the cause is pending confirmation as at the date of this report publication.

Fatalities and injuries	**2023**	2022	2021
Number of fatalities	**1**	0	0
Number of high-consequence work related injuries	**7**	0	0
Number of recordable work-related injuries	**593**	614	696
Number of hours worked (million hours)	**83.7**	80.7	91.3
Fatalities rate	**0.002**	0	0
High-consequence work-related injury rate	**0.02**	0	0
Recordable work-related injury rate	**1.42**	1.51	1.53

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

Mental Health

DFI has taken steps to support our team members by launching a Mental Health Awareness programme. This programme includes various initiatives such as webinars, self-evaluation tools, and expanded benefits. These resources aim to raise awareness about mental health and provide support to team members.

The webinars provide valuable information and insights on mental health topics, helping team members better understand and manage their mental well-being. The self-evaluation tools enable individuals to assess their own mental health and identify areas where they may need additional support or resources.

DFI has also expanded our benefits to include provisions specifically related to mental health. These benefits may include access to counselling services, mental health resources, or other forms of support.

To ensure the success of these initiatives, DFI has a responsible team in place that advocates for mental health and raises awareness within the organisation. This team plays a crucial role in promoting a supportive and inclusive environment where team members feel comfortable seeking help and discussing mental health concerns.

Methodology

We take into account the number and rate of injuries because of work-related injury, both high-consequence work-related injuries (excluding fatalities), and recordable work-related injuries (including fatalities) of our team members. Work related injuries are defined as negative impacts on health arising from exposure to hazards at work. High consequence work-related injuries are defined as work-related injuries that result in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months. Recordable work-related injuries result in any of the following: days away from work, restricted work, medical treatment beyond first aid, loss of consciousness, or significant injury diagnosed by a physician or other licensed healthcare professional. Fatalities include team member deaths that occurred whilst they were working, however not necessarily as a result of or caused by their work.

Recordable work-related injury rate and fatalities rate are calculated based on 200,000 hours worked, which indicates the number of work-related injuries and fatalities per 100 full-time team members over a one-year timeframe, assuming that one full-time worker works 2,000 hours per year. To calculate hours worked, most store and distribution centre team members are based on actual clock in clock out records. For office-based team members, the methodology is based on standard hours less leave using average headcount by month by banner.

Note for 2021 we are unable to split out Malaysia Food hours worked, and therefore this metric still includes the data for Malaysia Food for 2021 (excluded from 2022 and 2023).

9. Social compliance GRI 414

DFI has taken steps to establish goals, monitor key indicators, and share best practices with our teams and suppliers, which supports us to identify areas for improvement and rectify any practices that may be detrimental to human rights in our business operations and value chain. We believe we are working towards creating a positive impact and ensuring that our operations align with ethical standards.

In addition to our internal practices, we are dedicated to continuing to drive ethical labour practices across our supply chain. As a member of the Amfori Business Social Compliance Initiative ('BSCI') since September 2022, we actively communicate to our suppliers that we will not tolerate forced labour or any other exploitative practices.

All our own brand suppliers are required to respond to key ethical questions as part of the supplier pre-qualification onboarding process. Should any red flags be identified from the responses, regarding for example child labour or forced labour, we will not enter into business relations until we have conducted a full investigation and we are satisfied that all the potential issues have been remediated before supply may commence. DFI's Supplier Code of Conduct outlines the expectations we have of ourselves and our supplier partners concerning business ethics, human rights and fair labour practices, and respect for environment. We recognise our suppliers operate in diverse legal and cultural environments where they are based across the globe, therefore the Supplier Code of Conduct sets the guidelines for consistent evaluation across our diverse and complex supply chains.

94% of DFI's own brand production facilities located in high-risk locations have been audited against Amfori or other equivalent ethical standards. By the end of 2024, we target all own brand supplying factories to meet DFI ethical requirements.

Since rolling out our Ethical Sourcing Programme in 2021, DFI has increased our insights into ethical compliance in our existing factories. This has provided opportunities where we can actively support our supplying factories through coaching and sharing of industry best practices to drive effective corrective actions. We are on a continuous journey to engage with factories to progress towards full ethical compliance. However, if a factory continues failing to implement the necessary measures in timely manner, DFI may consider ending the business partnership with the factory.

By upholding these principles and expectations, we strive to create a responsible and inclusive ecosystem that respects human rights, promotes equality, and ensures the well-being of all individuals involved in our operations and supply chains.

Suppliers' factories social audit	**2023**	2022	2021
% of factories in high-risk countries supplying own brand products audited against Amfori or equivalent standards (Cumulative)	**94%**	44%	24%

Methodology

To ensure ethical and responsible sourcing practices, all own brand products' factories located in high-risk countries are subjected to comprehensive audits. Factories in countries which are categorised as 'high-risk' according to the Amfori BSCI Countries Risk Classification and other published country risk indexes on labour rights protection, are required to undergo full on-site audits based on Amfori or other equivalent ethical standards. These ethical audits aim to identify any instances of child labour, forced labour, or slavery, ensuring that the factories meet the required ethical standards and have not been associated with such practices in the past.

Governance

10. Product safety and quality GRI 416

Product safety and quality management

Product safety incidents erode consumer confidence and trust in consumer products and the companies that produce them. When consumers lose faith in the safety of products, they may change their purchasing habits, leading to financial losses for businesses. Restoring consumer trust can be a challenging and time-consuming process. Product safety issues can also cause significant reputational damage to businesses. News of recalls, or contamination incidents can spread quickly through media and social networks, tarnishing the reputation of the company involved. Rebuilding a damaged reputation can be costly and may take years to achieve.

DFI has implemented several programmes and processes to ensure the quality, safety, and legal compliance of our own brand products. DFI's Sustainability Management Committee has accountability to ensure the quality and safety of the products we offer.

Quality and Safety Programme:
DFI Supplier Technical Standards are the core standards, and Suppliers are required to comply with all applicable aspects to protect DFI product and brand integrity by ensuring compliance and consistency. In developing and manufacturing DFI own brand products, as a minimum, we expect Suppliers to adhere to:

- Local regulations and relevant legislation in DFI operating markets
- Other technical policies and guidelines as outlined in DFI Product Quality and Safety Programmes
- Product specifications
- Additional brand standards agreed and specified by DFI

DFI's Qualify and Safety Programme is designed to facilitate risk management and effective communication between cross-functional departments and Suppliers. This seeks to ensure that our products meet both local standards and DFI's own stringent quality, safety, and legality standards.

As a Consumer Goods Forum ('CGF') signatory, we have embedded the Global Food Safety Initiative ('GFSI') into our own brand requirements which encourages continuous improvement of food safety management standards across the supply chain. This certification seeks to ensure suppliers meet internationally recognised food safety standards. For non-food categories we leverage other global certifications or the DFI audit standard.

Prior to launch of any own brand product, each product is assessed internally and validated by a third-party accredited laboratory for quality, safety and legal compliance. While the launch phase is critical for introducing a product to the market, post-surveillance becomes crucial for ongoing success. Our post-surveillance programme includes manufacturing and product compliance, supporting continuous monitoring and evaluation, helping DFI to identify and address any emerging issues or opportunities for improvement. In the event of a product recall or withdrawal, our procedures outline the necessary steps to be taken to minimise any potential risks associated with the product and to swiftly remove it from the market. In 2023, 81% of own brand product factories were third-party audited for a globally recognised food safety certification, while 19% of factories who do not have a GFSI certification were audited against our DFI second party audit scheme by one of our nominated third-parties.

Food safety certification	**2023**	2022	2021
% of production factories of DFI own brand products that have a globally recognised food safety audit certification	**81%**	67%	61%

Methodology

Metric includes production facilities of own brand food and non-food products that have been certified by one of the GFSI approved schemes. GFSI is a CGF Coalition of Action that promotes continuous improvement of food safety management across the supply chain. Production facilities that are not certified by one of the GFSI schemes, must be audited by a DFI appointed third-party auditing partner. All suppliers must also comply with DFI's Supplier Technical Standards, which are protocols set by a team of Supplier and Product Technical subject matter experts. We have taken into account the percentage of production facilities with GFSI or other globally recognised audit certifications.

Responsible marketing communication

At DFI, we endeavour to conduct responsible marketing activities to support the safety and reliability of our products and services. Our Responsible Marketing Policy guides our approach, emphasising the importance of truthful, accurate, and ethical communication with our customers.

When transmitting information to our customers, we strive to adhere to the following principles:

- Appropriate Expressions: In our commercials and advertisements, we use appropriate expressions that resonate with our target audience. We ensure that any images or recordings used are suitable and align with the intended message.
- Legal Compliance: We provide information that meets or exceeds the legally mandated requirements concerning health, environment, and other sustainability aspects. We are committed to upholding the highest standards in these areas and strive to exceed the minimum legal requirements whenever possible.

By adhering to these principles, we aim to build trust with our customers and ensure that they have access to accurate and reliable information about our products and services. We regularly review and update our marketing practices to align with evolving industry standards and customer expectations. Our goal is to provide our customers with the information they need to make informed decisions while maintaining integrity and responsibility.

11. Ethics and anti-corruption GRI 205

Anti-corruption and anti-bribery

DFI is dedicated to conducting our business with a strong commitment to ethical responsibility and adherence to laws and regulations in all the regions where it operates. This commitment extends to compliance with anti-corruption and bribery laws. DFI's Code of Conduct and Supplier Code of Conduct (available on our website www.DFIretailgroup.com) explicitly prohibits any form of corruption or bribery such as illicit payments The Code of Conduct is a mandatory policy applicable to all team members and is included as part of the onboarding process when team members join DFI. Team Members are also required to comply with DFI's No Gift Policy which provides for a general prohibition against receipt of gifts in order to avoid the risk of team members being placed in a position where actions or offers might be misconstrued as being offered for personal gain. DFI also has a Speak-Up Policy to encourage team members to raise serious and genuine concerns about malpractice that may affect DFI's business and reputation. DFI is committed to investigating such matters and will take appropriate and timely action to address such concerns.

DFI regularly conducts code of conduct training sessions to strengthen ethics and compliance awareness and training among our stakeholders. These training initiatives aim to enhance understanding and knowledge of ethical standards, ensuring that employees and relevant parties are well-informed about the organisation's expectations and requirements.

In 2023, the code of conduct training courses were completed by over 92% of the total team members.

These training and awareness initiatives demonstrate the commitment of DFI to equip team members with the necessary knowledge and tools to uphold ethical standards and mitigate corruption risks. By reaching a significant portion of the workforce, DFI aims to foster a culture of compliance and integrity throughout the organisation.

To mitigate corruption risks, DFI has also implemented a range of control procedures. These procedures include reviews and audits conducted by the Internal Audit team. These reviews and audits assess the effectiveness of the Group's compliance programme across all countries. Based on their findings, the Internal Auditor teams formulate recommendations to enhance DFI's ethics, compliance, and anti-corruption programme. These recommendations aim to improve the overall integrity and effectiveness of the programme, ensuring that it remains effective.

By regularly reviewing and auditing the policies and procedures of the compliance programme, DFI demonstrates our commitment to continuous improvement and the proactive management of corruption risks. These control procedures help to identify areas for enhancement and strengthen the organisation's ability to prevent, detect, and address any potential instances of corruption.

Speak Up programme (whistleblower programme)

A Speak Up programme is important in a corporate setting. It provides a mechanism for team members to report any wrongdoing, misconduct, or unethical behaviour they witness within the organisation. This aims to empower team members, suppliers, and applicable stakeholders to speak up without fear of retaliation, helping potential issues to be brought to light and addressed promptly.

It also helps to maintain transparency and accountability within the organisation. By encouraging mentioned stakeholders to report concerns, it creates a culture of integrity and ethical behaviour. This can deter unethical practices and promote a positive work environment where everyone is held accountable for their actions.

DFI's Speak Up Policy reinforces our mandate to all of our business units and departments to comply with all applicable laws and regulations and maintain proper standards of business conduct. In line with this, DFI actively encourages all team members to voice their concerns and report any issues that are of serious and genuine concern, as these matters may impact the operation of DFI's business and our reputation. By fostering a culture of open communication and accountability, DFI aims to address and resolve any potential issues promptly and maintain the integrity of our operations.

DFI has established a reporting system which includes an outsourced whistleblowing system that operates 24/7 and is accessible through the internet, by email or by telephone. This system serves as a channel for all team members to report any suspicions of unethical practices. The scope of reports includes various serious concerns such as discrimination, harassment, health and safety issues, theft, fraud, corruption, misappropriation of funds, conflicts of interest, and unethical behaviour.

DFI's reporting system allow cases of misconduct reported by team members to trigger an alert within the DFI team, prompting a thorough investigation for cases that are confirmed to be valid. Once a reported case is validated, DFI takes appropriate measures to address such misconduct.

12. Data Privacy and Cybersecurity GRI 418

Organisations that experience data and cybersecurity breaches may face legal, regulatory, financial, and reputational consequences. Many jurisdictions have enacted data protection and privacy laws that require organisations to implement appropriate security measures and notify affected individuals in the event of a breach. Cybersecurity is a critical component of data protection, as it encompasses the practices and technologies used to safeguard sensitive information from unauthorised access, theft, or damage.

Data privacy

DFI understands that safeguarding personal data is crucial in maintaining a strong relationship of trust. By complying with data protection regulations, DFI can demonstrate our commitment to protecting the privacy and confidentiality of personal information. To securely guard customer privacy and data, DFI has established a comprehensive Group Privacy Policy. This policy outlines our commitment to:

- Requiring Third-Party Compliance: We ensure that any third parties with whom we share data are obligated to comply with our privacy policy and data protection standards.
- Transparency and Clear Terms: We maintain transparency by providing clear and easily understandable terms regarding the collection, use, sharing, and retention of user data, including data transferred to third parties.
- Lawful and Transparent Data Collection: We obtain user data through lawful and transparent means, ensuring explicit consent from the data subject when required by applicable regulations.
- Limited Data Collection and Processing: We collect and process user data only for the stated purpose, ensuring that it is limited to what is necessary and relevant.
- Timely Notification: In the event of policy changes or data breaches, we notify data subjects promptly and in accordance with local laws and regulations.
- Implementation of Data Protection Standards: We adhere to data protection standards as outlined in local regulations, ensuring that our practices align with the requirements set forth by the relevant authorities.
  To ensure the commitment outlined in the Group Privacy Policy, DFI has implemented the Data Privacy Programme. It is designed to protect customer data from mishandling.

Data Privacy Programme

- Data Subject Access: DFI provides mechanisms for data subjects to access their accounts and exercise their rights to erase, rectify, complete, or amend their personal information as required by applicable regulations.
- Concerns and Complaints: DFI has implemented mechanisms for data subjects to raise concerns or lodge complaints regarding data privacy. These channels ensure that any issues related to data privacy are addressed promptly and appropriately.
- Team members Training: DFI conducts regular training sessions for team members on data management and data privacy. These training programmes aim to enhance team members awareness and understanding of data privacy best practices.
- Data Privacy Risk Assessment: DFI performs regular assessments to identify and mitigate data privacy risks associated with technologies and practices. These assessments help ensure that data privacy measures are up to date and aligned with evolving threats and regulatory requirements. Detail of the risk assessment that are conducted and reported regularly can be found in the Risk Management section of the annual report.

Cybersecurity

Cybersecurity is the practice of protecting computer systems, networks, and data from unauthorised access, attacks, and disruptions. DFI has a cyber security programme to implement measures and protocols to safeguard our digital assets.

Cybersecurity Programme

- Endpoint and Mobile Data Protection: DFI has implemented preventive measures such as endpoint protection, including ransomware protection and anti-virus software, to safeguard our endpoints from malicious attacks, as well as mobile data protection practices such as two-step verification to enhance security and protect sensitive information on mobile devices.
- Data Breach Monitoring and Response: DFI has implemented measures to monitor and respond to data breaches and cyber attacks promptly. These measures include incident response plans and protocols to minimise the impact of any potential breaches.
- Team members Training: DFI conducts regular training sessions for team members on cybersecurity and internet threats. These training programmes aim to enhance team members awareness and knowledge of cybersecurity best practices, reducing the risk of cyber incidents.
- Audits: DFI conducts regular external and internal audits of the company's systems that handle user data. These audits help identify vulnerabilities and ensure that appropriate security measures are in place to protect customer data.
- Penetration Testing: DFI conducts penetration testing regularly, which simulate cyber attacks on the organisation's infrastructure to identify vulnerabilities and weaknesses, allowing DFI to proactively identify and address potential security gaps.

By implementing privacy and cybersecurity programme, DFI demonstrates our commitment to safeguarding customer data, maintaining data privacy, and protecting against cyber threats. These initiatives contribute to building trust and confidence among customers, team members, and partners.

13. Tax governance GRI 207

Activities across the Group generate a variety of direct and indirect taxes, such as corporate income taxes, property taxes, sales taxes, employer payroll, and social security taxes, among others. We view our compliance with relevant tax laws and regulations as consistent with sustainable business practices and aligned with our responsibilities and societal obligations as a good corporate citizen. We submit all appropriate tax returns covering all areas of taxes and ensure the correct amounts of taxes are paid by the due dates.

Given the complex nature of taxation in an environment with rising tax obligations associated with global minimum taxation initiatives, increased transparency may result in greater scrutiny and increased reputational risk. The Group operates a risk-based system of controls, processes, and training to manage tax risks and minimise instances of error. The Group has a low tolerance for tax uncertainty. We engage with tax authorities in a timely and transparent manner. The Group manages a team of experienced tax professionals overseeing the Group Tax function and providing support to the Finance and Human Resources teams of our group companies, who have collective responsibility for ensuring that the Group adopts appropriate tax accounting treatment and reporting standards.

Tax contribution	2023	2022	2021
Tax contribution (US$m)	118	127	158

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

Tax contribution (by country)

Region	2023 Tax contribution (US$m)
Hong Kong	47
Macau	3
Chinese mainland	15
Taiwan	19
Singapore	12
Malaysia	7
Indonesia	11
Cambodia, Brunei, and Philippines	1
Non-Asian based	3
Total	**118**

Note: The data underlined have been independently assured by PricewaterhouseCoopers.

Methodology

We have taken into account DFI's total tax contribution on an accrual basis, which includes corporate income taxes, property taxes for real property holdings or transactions, non-creditable VAT ('GST') and other sales or similar taxes, employer's portion of payroll taxes, social securities and other taxes paid that constitute costs to the company (such as stamp duty, consumption tax, royalties, dividend, interest withholding tax).

Appendices

GRI index

Please refer to our website www.DFIretailgroup.com for a full listing of GRI index and related responses.

Feedback

We appreciate your interest in providing feedback on this ESG report. For further information, to share your comments, or to utilise the information presented in this ESG Report and draw conclusions from the data, please email us at: DFIcontactus@DFIretailgroup.com

Independent practitioner's limited assurance report

To the Board of Directors of DFI Retail Group Holdings Limited

We have undertaken a limited assurance engagement in respect of the selected sustainability information of DFI Retail Group Holdings Limited (the 'Company') listed below and identified as the numbers underlined in the Company's Environmental, Social and Governance Report for the year ended 31st December 2023 (the '2023 ESG Report') (the 'Identified Sustainability Information'), which is included in the Company's Annual Report 2023.

Identified Sustainability Information
The Identified Sustainability Information for the year ended 31st December 2023 is summarised below:

Climate Change
- Total Scope 1 and Scope 2 GHG emissions
- Total energy consumption

Human Capital
- % of male team members / % of female team members
- Gender diversity in senior leadership
- Average hours of training

Health, Safety, and Well-being
- Fatalities
- High-consequence work-related injury rate
- Recordable work-related injury rate

Tax Governance
- Tax contribution

Our assurance was with respect to the year ended 31st December 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2023 ESG Report and, therefore, do not express any conclusion thereon.

Criteria
The criteria used by the Company to prepare the Identified Sustainability Information is set out in the 'Climate Change', 'Human Capital', 'Health, Safety, and Well-being' and 'Tax Governance' sections of the 2023 ESG Report (the 'Criteria').

The Company's responsibility for the Identified Sustainability Information
The Company is responsible for the preparation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations
The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

Our Independence and Quality Management
We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standards on Quality Management, which require the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility
Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made enquiries of the persons responsible for the Identified Sustainability Information;
- understood the process for collecting and reporting the Identified Sustainability Information;
- performed limited substantive testing on a selective basis of the Identified Sustainability Information at the Company's corporate head office to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Identified Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

Limited Assurance Conclusion
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's Identified Sustainability Information for the year ended 31st December 2023 is not prepared, in all material respects, in accordance with the Criteria.

Restriction on Use
Our report has been prepared solely for the Board of Directors of the Company and is not to be used for any other purpose. We do not assume responsibility towards or accept liability to any other parties for the content of this report.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
7th March 2024

Directors' Profiles

Ben Keswick
Chairman

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

John Witt*
Managing Director

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

Scott Price*
Group Chief Executive

Scott Price joined the Board as Group Chief Executive effective on 1st August 2023. Scott has over 30 years of retail, logistics and consumer packaged goods sectors experience from around the world. Scott was previously the President, International at UPS, before which he was the executive vice president of global leverage at Walmart and was also the President & CEO of DHL Express in Europe. He started his career with the Coca Cola Company and held country business positions in various locations across Asia. He is also a director of Yonghui Superstores.

Clem Constantine*
Group Chief Financial Officer and Property Director

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

* Executive Director

Dave Cheesewright	Dave Cheesewright joined the Board in 2021. He is a member of the Audit Committee of the Company. He is currently a non-executive director of Rapha Racing Ltd. He was the former president and chief executive officer of Walmart International.
Weiwei Chen	Weiwei Chen joined the Board in 2021. She is the Chair of the Audit Committee of the Company. She is currently an independent non-executive director and a member of the audit committee and the compensation committee of LianBio and board senior adviser to Pharmplus. She was the former vice president and chief financial officer, China of Starbucks and chief financial officer, China Division of Yum! Brands.
Adam Keswick	Adam Keswick joined the Board in 2012. Having joined Jardine Matheson in 2001, he was appointed to the Jardine Matheson board in 2007 and was deputy managing director from 2012 to 2016. Adam is a director of Hongkong Land and Mandarin Oriental. He is also a director of Ferrari NV, Schindler and Yabuli China Entrepreneurs Forum and vice chairman of the supervisory board of Rothschild & Co.
Christian Nothhaft	Christian Nothhaft joined the Board in 2021. He is currently the chair of Active Capital Partners Limited. He was the former CEO of Watsons Personal Care Stores, China and managing director of Fortress.

Our Management Committee

Scott Price

Group Chief Executive

Scott Price is currently Group Chief Executive for the DFI Retail Group; a multi-sector retailer, based in Hong Kong operating in 13 different Asian markets, with some 11,000 retail outlets across the group and its associated companies.

Scott has over 30 years of retail, logistics and consumer packaged goods sectors experience from around the world. He started his career with the Coca-Cola Company and held country business positions in various locations across Asia. He joined DHL Express as the President in Japan in 2002 and was appointed as Chief Executive Officer – Asia Pacific in 2005 and Chief Executive Officer – Europe in 2007. From 2009 to 2017, Scott led Walmart's Asia store business before moving to the United States to lead global sourcing, international technology, real estate and strategy.

In 2017, Scott joined UPS as Chief Strategy and Transformation Officer, responsible for strategic planning, Global Business Services and the company's Advanced Technology Group. He was appointed Executive Vice-President, UPS International in 2020 responsible for all 220 markets outside the U.S.

Following UPS, Scott joined as an Independent Board Director of Coles Group in Australia before joining the DFI Retail Group in August 2023.

Scott earned a bachelor's degree in business administration from the University of North Carolina in Charlotte. He also holds a master of business administration degree and a master's degree in Asian studies from the University of Virginia.

Clem Constantine

Group Chief Financial Officer and Property Director

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

Choo Peng Chee

Chief Executive Officer, Food

Choo was appointed CEO, Food in November 2023, responsible for all DFI Food banners across Hong Kong, Macau, Singapore, Indonesia and Cambodia. He is a director of the DFI Retail Group Management Services Board since 2013, and a Board Member of Robinsons Retail Holdings, Inc. – an associate company of DFI Retail Group. In 2022, he was nominated to represent Jardine Matheson Group on the Board of Livi Bank.

He joined the Group in 2000 and was the CEO of Cold Storage in Singapore from 2005 to 2009. He subsequently served as the CEO for Wellcome Hong Kong from 2010, and was appointed as the Regional Director, North Asia (Food) in 2013, and CEO – North Asia & Group Convenience in 2018. In August 2021, he was appointed as CEO DFI Retail North Asia covering all food retail operations (grocery retail and convenience stores) in Hong Kong, Macau, China as well as the convenience format in Singapore.

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

Martin Lindström

Chief Executive Officer, DFI IKEA

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

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

Danni Peirce

Chief Executive Officer, 7-Eleven

Danni Peirce was appointed Chief Executive Officer for 7-Eleven in November 2023, responsible for a network of 3,300 stores across Hong Kong, South China, Singapore and Macau. She also holds several board positions. Danni joined DFI in 2018 and has held a number of roles, including Managing Director of Guardian Singapore, CEO of yuu Rewards and Commercial Director for North Asia Food & Group Convenience.

Danni started her career with Deloitte before moving into retail, joining Tesco in the UK in 2006. She subsequently joined Coles, the supermarket chain in Australia, where she held a number of commercial leadership positions. In 2015, she moved to work for Southeastern Grocers in the United States.

Danni holds a Management Studies degree from the University of Nottingham.

Andrew Wong

Chief Executive Officer, Health & Beauty

Andrew was appointed CEO, Health & Beauty in November 2023, responsible for Guardian and Mannings' businesses across all DFI markets.

Andrew's career spun from start-ups to the public sector and subsequently, to the business sector. He found his passion for business and entrepreneurship when he first ventured into the business world, and has been ever since working to propel businesses towards excellence, innovation, and sustainability. Previously, Andrew had been CEO, Health & Beauty North Asia since 2021, responsible for Mannings' businesses in Hong Kong, Macau and the Chinese mainland. Prior to that, he was Group Chief Executive of Jardine Restaurant Group, overseeing the group's businesses across Asia from 2018. He joined SSP Group in 2013, and was subsequently appointed Regional Managing Director responsible for developing the group's multi-brand portfolio in Asia Pacific. Andrew also held various leadership roles at DFI and Pacific Coffee in the past.

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

Erica Chan

Group Chief Legal, Governance and Corporate Affairs Officer

Erica was appointed Group Chief Legal, Governance and Corporate Affairs Officer in December 2023. She is also a director of the DFI Retail Group Management Services Board. In her role, she is responsible for the Legal, Communication and Corporate Affairs, Sustainability, Group Technical, Risk management and Loss Prevention functions for the DFI Group.

She brings over 25 years of experience with retail, e-commerce, media, governance and regulatory compliance in the Asia Pacific region. Prior to joining DFI, she spent 12 years at Walmart, most recently as SVP, General Counsel and Chief Administrative Officer, Asia, oversaw all legal matters in Asia in addition to human resources and administrative functions for the Asia office. She was also part of Walmart's Global President's Diversity and Inclusion Council.

Erica also spent 13 years at Star TV Group where she was General Counsel for Greater China and General Manager for Hong Kong.

Erica is a Hong Kong qualified solicitor. She received her Postgraduate Certificate in Laws from University of Hong Kong, Common Professional in Laws from University of Sussex and Bachelor of Social Science in Government and Public Administration degree from the Chinese University of Hong Kong.

Shen Li

Group Corporate Strategy and yuu Rewards Director

Shen was appointed Group Strategy and yuu Rewards Director in September 2023. Shen joined the Group in September 2019 as Group Corporate Finance Director, responsible for Group strategy, M&A and investor relations. His responsibilities were expanded in September 2023 to include accountability for yuu Rewards, the Group's coalition customer loyalty programme. Prior to joining DFI, Shen spent over a decade as an equities research analyst covering the consumer sector across both Australia and Asia. Shen began his career in M&A advisory in Australia.

Shen holds Bachelor of Commerce and Bachelor of Laws (Hons) degrees from the University of Melbourne and is a CFA Charterholder.

Wee Lee Loh

Group Chief Digital Officer

Wee Lee was appointed the Group Chief Digital Officer in September 2023. He is responsible for the Group's efforts in driving the growth of Digital businesses.

Prior to joining DFI, Wee Lee held various senior management roles with Lazada Group, serving in both regional and country business roles across corporate development, innovation and general business management. As the CEO of Lazada Singapore, he led both the Lazada marketplace and Singapore's leading online grocery Redmart, transforming the business towards growth and sustainability.

Wee Lee also held other leadership roles in two Singapore-listed Engineering and Technology companies, leading strategy, corporate development and business operation roles spanning multiple geographies. He led and incubated the growth of emerging new businesses across energy, infrastructure, robotics, automotives and AI-linked domains. Wee Lee started his private sector career as a management consultant with McKinsey and Company across Asia Pacific.

Wee Lee has lived and worked in more than 10 countries. He received his Bachelor's in Economics (Summa Cum Laude), and graduated as a Merrill Presidential Scholar. He also completed his Masters in Statistics at Harvard University.

Joy Jinghui Xu

Group Chief People & Culture Officer

Joy was appointed Group Chief People & Culture Officer in August 2023. She is a member of the DFI Group Management Committee and the Jardine Group Senior People & Culture Leadership Team. She is responsible for leading the DFI Retail Group People & Culture organisation and driving our ambitious agenda while operationalising DFI People & Culture Strategy across all functional areas and all formats and banners in all markets.

Joy brings with her extensive international expertise in HR leadership roles which spans the US, China, UAE, Germany and Hong Kong. She has previously held leadership roles at Procter & Gamble, PepsiCo, Novartis/Sandoz and Manulife.

Joy was named one of the Global Rising Stars by Global Women Forum in 2007 and 2008. In 2010, she was recognised for HR excellence by World HRD Congress. In 2020, she was recognised as one of the 501 Most Fabulous Global HR Leaders by the World HRD Congress. She was named an Imergey Luminary 2022.

Joy served as a board member of LumiVoce Foundation Limited, based in Hong Kong that focuses on protecting biodiversity.

Joy earned a bachelor's degree in Applied English from the South China University of Technology.

Consolidated Profit and Loss Account

for the year ended 31st December 2023

	Note	2023			2022		
		Underlying business performance	**Non-trading items**	**Total**	Underlying business performance	Non-trading items	Total
	Note	**US$m**	**US$m**	**US$m**	US$m	US$m	US$m
Revenue	2	**9,169.9**	**–**	**9,169.9**	9,174.2	–	9,174.2
Net operating costs	3	**(8,876.1)**	**(131.2)**	**(9,007.3)**	(8,965.0)	35.1	(8,929.9)
Operating profit	4	**293.8**	**(131.2)**	**162.6**	209.2	35.1	244.3
Financing charges		**(151.8)**	**–**	**(151.8)**	(126.4)	–	(126.4)
Financing income		**7.9**	**–**	**7.9**	4.8	–	4.8
Net financing charges	5	**(143.9)**	**–**	**(143.9)**	(121.6)	–	(121.6)
Share of results of associates and joint ventures	6	**43.4**	**9.2**	**52.6**	(34.9)	(177.1)	(212.0)
Profit/(loss) before tax		**193.3**	**(122.0)**	**71.3**	52.7	(142.0)	(89.3)
Tax	7	**(41.9)**	**1.0**	**(40.9)**	(31.4)	0.1	(31.3)
Profit/(loss) after tax		**151.4**	**(121.0)**	**30.4**	21.3	(141.9)	(120.6)
Attributable to:							
Shareholders of the Company		**154.7**	**(122.5)**	**32.2**	28.8	(143.4)	(114.6)
Non-controlling interests		**(3.3)**	**1.5**	**(1.8)**	(7.5)	1.5	(6.0)
		151.4	**(121.0)**	**30.4**	21.3	(141.9)	(120.6)
		US¢		**US¢**	US¢		US¢
Earnings/(loss) per share	8						
– basic		**11.49**		**2.39**	2.14		(8.51)
– diluted		**11.43**		**2.38**	2.14		(8.48)

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2023

	Note	**2023 US$m**	2022 US$m
Profit/(loss) for the year		**30.4**	(120.6)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans		**(1.7)**	1.3
Net revaluation surplus before transfer to investment properties			
– tangible assets	*11*	**1.5**	–
– right-of-use assets	*12*	**63.2**	38.2
Tax relating to items that will not be reclassified	*7*	**0.3**	(0.2)
		63.3	39.3
Share of other comprehensive income of associates and joint ventures		**2.4**	1.8
		65.7	41.1
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net loss arising during the year		**(15.2)**	(163.0)
– transfer to profit and loss		**48.7**	4.2
		33.5	(158.8)
Cash flow hedges			
– net gain arising during the year		**6.7**	35.4
– transfer to profit and loss		**(34.3)**	(4.4)
		(27.6)	31.0
Tax relating to items that may be reclassified	*7*	**1.2**	(1.4)
Share of other comprehensive expense of associates and joint ventures		**(3.0)**	(1.9)
		4.1	(131.1)
Other comprehensive income/(expense) for the year, net of tax		**69.8**	(90.0)
Total comprehensive income for the year		**100.2**	(210.6)
Attributable to:			
Shareholders of the Company		**96.8**	(205.1)
Non-controlling interests		**3.4**	(5.5)
		100.2	(210.6)

Consolidated Balance Sheet

at 31st December 2023

	Note	**2023 US$m**	2022 US$m
Net operating assets			
Intangible assets	*10*	**289.6**	411.9
Tangible assets	*11*	**708.1**	802.9
Right-of-use assets	*12*	**2,662.3**	2,670.1
Investment properties	*13*	**122.2**	39.8
Associates and joint ventures	*14*	**1,793.7**	1,781.4
Other investments	*15*	**6.7**	21.7
Non-current debtors	*16*	**102.2**	124.3
Deferred tax assets	*17*	**35.8**	27.3
Pension assets	*18*	**4.4**	6.7
Non-current assets		**5,725.0**	5,886.1
Stocks		**763.5**	871.4
Current debtors	*16*	**256.3**	252.9
Current tax assets		**15.1**	19.5
Cash and bank balances	*19*	**303.4**	230.7
		1,338.3	1,374.5
Assets held for sale	*20*	**47.8**	65.7
Current assets		**1,386.1**	1,440.2
Current creditors	*21*	**(2,095.9)**	(2,169.7)
Current borrowings	*22*	**(771.1)**	(837.5)
Current lease liabilities	*23*	**(562.0)**	(586.3)
Current tax liabilities		**(39.7)**	(39.9)
Current provisions	*24*	**(38.9)**	(40.2)
		(3,507.6)	(3,673.6)
Liabilities associated with assets held for sale	*20*	**(19.8)**	–
Current liabilities		**(3,527.4)**	(3,673.6)
Net current liabilities		**(2,141.3)**	(2,233.4)
Long-term borrowings	*22*	**(153.0)**	(258.7)
Non-current lease liabilities	*23*	**(2,285.8)**	(2,289.4)
Deferred tax liabilities	*17*	**(41.2)**	(40.0)
Pension liabilities	*18*	**(6.2)**	(5.8)
Non-current creditors	*21*	**(3.7)**	(8.7)
Non-current provisions	*24*	**(105.7)**	(108.7)
Non-current liabilities		**(2,595.6)**	(2,711.3)
		988.1	941.4

	Note	2023 US$m	2022 US$m
Total equity			
Share capital	*25*	**75.2**	75.2
Share premium and capital reserves	*27*	**72.8**	67.6
Revenue and other reserves		**832.2**	804.3
Shareholders' funds		**980.2**	947.1
Non-controlling interests		**7.9**	(5.7)
		988.1	941.4

Approved by the Board of Directors

Scott Price
Clem Constantine
Directors

7th March 2024

Consolidated Statement of Changes in Equity

for the year ended 31st December 2023

	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue and other reserves US$m	Attributable to shareholders of the Company US$m	Attributable to non-controlling interests US$m	Total equity US$m
2023							
At 1st January	75.2	37.6	30.0	804.3	947.1	(5.7)	**941.4**
Total comprehensive income	–	–	–	96.8	96.8	3.4	**100.2**
Dividends paid by the Company *(note 28)*	–	–	–	(67.3)	(67.3)	–	**(67.3)**
Share-based long-term incentive plans	–	–	12.4	–	12.4	–	**12.4**
Shares purchased for a share-based long-term incentive plan	–	–	–	(9.7)	(9.7)	–	**(9.7)**
Subsidiaries disposed of *(note 30(g))*	–	–	–	–	–	10.2	**10.2**
Change in interests in associates and joint ventures	–	–	–	0.9	0.9	–	**0.9**
Transfer	–	2.0	(9.2)	7.2	–	–	**–**
At 31st December	**75.2**	**39.6**	**33.2**	**832.2**	**980.2**	**7.9**	**988.1**
2022							
At 1st January	75.2	35.6	24.6	1,131.8	1,267.2	–	1,267.2
Total comprehensive income	–	–	–	(205.1)	(205.1)	(5.5)	(210.6)
Dividends paid by the Company *(note 28)*	–	–	–	(100.9)	(100.9)	–	(100.9)
Dividends paid to non-controlling interests	–	–	–	–	–	(0.2)	(0.2)
Unclaimed dividends forfeited	–	–	–	0.1	0.1	–	0.1
Share-based long-term incentive plans	–	–	7.4	–	7.4	–	7.4
Shares purchased for a share-based long-term incentive plan	–	–	–	(20.0)	(20.0)	–	(20.0)
Change in interests in associates and joint ventures	–	–	–	(1.6)	(1.6)	–	(1.6)
Transfer	–	2.0	(2.0)	–	–	–	–
At 31st December	75.2	37.6	30.0	804.3	947.1	(5.7)	941.4

Revenue and other reserves at 31st December 2023 comprised revenue reserves of US$1,088.3 million *(2022: US$1,127.2 million)*, hedging reserves of US$12.2 million *(2022: US$38.6 million)*, revaluation reserves of US$98.5 million *(2022: US$38.2 million)* and exchange reserves of US$366.8 million loss *(2022: US$399.7 million loss)*.

Consolidated Cash Flow Statement

for the year ended 31st December 2023

	Note	**2023 US$m**	2022 US$m
Operating activities			
Operating profit	*4*	**162.6**	244.3
Depreciation and amortisation	*30(a)*	**827.2**	861.0
Other non-cash items	*30(b)*	**148.1**	(40.4)
Decrease/(increase) in working capital	*30(c)*	**45.4**	(6.7)
Interest received		**8.7**	2.6
Interest and other financing charges paid		**(153.2)**	(123.3)
Tax paid		**(40.8)**	(42.5)
		998.0	895.0
Dividends from associates and joint ventures		**45.6**	44.8
Cash flows from operating activities		**1,043.6**	939.8
Investing activities			
Purchase of subsidiaries	*30(d)*	**–**	(8.8)
Purchase of associates and joint ventures	*30(e)*	**(18.4)**	(8.3)
Purchase of other investments	*30(f)*	**–**	(10.0)
Purchase of intangible assets		**(22.9)**	(19.8)
Purchase of tangible assets		**(173.4)**	(223.9)
Repayment from/(advances to) associates and joint ventures		**1.2**	(1.2)
Sale of subsidiaries	*30(g)*	**(23.8)**	–
Sale of associates and joint ventures	*30(h)*	**–**	6.9
Sale of properties	*30(i)*	**142.0**	63.6
Sale of other tangible assets		**0.7**	0.5
Cash flows from investing activities		**(94.6)**	(201.0)
Financing activities			
Purchase of shares for a share-based long-term incentive plan	*30(j)*	**(9.7)**	(20.0)
Drawdown of borrowings	*22*	**1,268.9**	1,429.4
Repayment of borrowings	*22*	**(1,486.1)**	(1,468.7)
Net increase in other short-term borrowings	*22*	**51.3**	92.7
Principal elements of lease payments	*30(k)*	**(624.7)**	(660.6)
Dividends paid by the Company	*28*	**(67.3)**	(100.9)
Dividends paid to non-controlling interests		**–**	(0.2)
Cash flows from financing activities		**(867.6)**	(728.3)
Net increase in cash and cash equivalents		**81.4**	10.5
Cash and cash equivalents at 1st January		**213.7**	210.0
Effect of exchange rate changes		**3.1**	(6.8)
Cash and cash equivalents at 31st December	*30(l)*	**298.2**	213.7

Notes to the Financial Statements

General Information

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

1. Basis of Preparation

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

Details of the Group's material accounting policies are included in note 37.

The Group has adopted the following amendments for the annual reporting period commencing 1st January 2023.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 *(effective from 1st January 2023)*

The amendments require entities to disclose material rather than significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. Material accounting policy information is information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. IASB further clarifies that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The material accounting policies following the adoption of IAS 1 are included in note 37.

Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(effective from 1st January 2023)*

The amendment requires deferred tax to be recognised on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and require the recognition of additional deferred tax assets and liabilities. On adoption of the amendment, the deferred tax assets and liabilities had been restated in the notes to the financial statements *(note 17)* with no impact on the balance sheet.

Amendment to IAS 12 – International Tax Reform – Pillar Two Model Rules *(effective for annual reporting period commencing on or after 1st January 2023)*

The amendment provides a temporary mandatory exception from deferred tax accounting in respect of Pillar Two income taxes and certain additional disclosure requirements. The Group is within the scope of the OECD Pillar Two model rules, and has applied the amendment from 1st January 2023.

Pillar Two legislation has been enacted or substantially enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's annual reporting period commencing 1st January 2024. Since the Pillar Two legislation was not effective at 31st December 2023, the Group has no related current tax exposure.

The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes when the legislation comes into effect. The assessment of the potential exposure to Pillar Two income taxes is based on the latest financial information for the year ended 31st December 2023 of the constituent entities in the Group. Based on the assessment, the effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the effective tax rate is slightly below or close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

1. Basis of Preparation continued

Apart from the above, there are no other amendments which are effective in 2023 and relevant to the Group's operations, that have a significant impact on the Group's results, financial position and accounting policies.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but not yet effective *(note 38)*.

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

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

2. Revenue

	2023 US$m	2022 US$m
Sales of goods		
Analysis by reportable segment:		
Food	**3,285.4**	3,872.4
Convenience	**2,441.4**	2,266.0
Health and Beauty	**2,444.8**	2,024.6
Home Furnishings	**793.7**	839.2
	8,965.3	9,002.2
Revenue from other sources	**204.6**	172.0
	9,169.9	9,174.2

Reportable segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Executive Directors of the Company for the purpose of resource allocation and performance assessment. DFI Retail Group operates various divisions: Food, Convenience, Health and Beauty, Home Furnishings, Restaurants and Other Retailing. Food represents the grocery retail businesses (including the Group's associate, Yonghui, a leading grocery retailer in the Chinese mainland). Convenience is the Group's 7-Eleven businesses. Health and Beauty comprises the health and beauty businesses. Home Furnishings is the Group's IKEA businesses. Restaurants is the Group's associate, Maxim's, one of Asia's leading food and beverage companies. Other Retailing represents the department stores, specialty and Do-It-Yourself ('DIY') stores of the Group's Philippines associate, Robinsons Retail.

2. Revenue continued

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

	2023	2022
	US$m	US$m
North Asia	**6,675.4**	6,332.2
South East Asia	**2,494.5**	2,842.0
	9,169.9	9,174.2

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

3. Net Operating Costs

	2023			2022		
	Underlying business performance	**Non-trading items**	**Total**	Underlying business performance	Non-trading items	Total
	US$m	**US$m**	**US$m**	US$m	US$m	US$m
Cost of sales	(5,957.2)	–	**(5,957.2)**	(6,108.4)	–	(6,108.4)
Other operating income	10.5	61.0	**71.5**	31.2	50.5	81.7
Selling and distribution costs	(2,412.1)	–	**(2,412.1)**	(2,402.6)	–	(2,402.6)
Administration and other operating expenses	(517.3)	(192.2)	**(709.5)**	(485.2)	(15.4)	(500.6)
	(8,876.1)	**(131.2)**	**(9,007.3)**	(8,965.0)	35.1	(8,929.9)

3. Net Operating Costs continued

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

	2023 US$m	2022 US$m
Cost of stocks recognised as expense	**(5,893.0)**	(6,048.1)
Amortisation of intangible assets *(note 10)*	**(30.9)**	(31.5)
Depreciation of tangible assets *(note 11)*	**(149.1)**	(150.8)
Amortisation/depreciation of right-of-use assets *(note 12)*	**(647.2)**	(678.7)
Impairment of intangible assets *(note 10)*	**(111.8)**	(6.3)
(Impairment)/reversal of impairment of tangible assets *(note 11)*	**(7.0)**	0.3
Impairment of right-of-use assets *(note 12)*	**(0.6)**	(0.9)
Impairment of trade and other debtors	**(3.7)**	(1.8)
Write down of stocks	**(6.1)**	(7.4)
Reversal of write down of stocks	**4.7**	2.4
Employee benefit expense		
– salaries and benefits in kind	**(995.2)**	(963.4)
– share options and share awards *(note 27)*	**(12.4)**	(7.4)
– defined benefit pension plans *(note 18)*	**(12.6)**	(14.4)
– defined contribution pension plans	**(46.2)**	(47.3)
	(1,066.4)	(1,032.5)
Expenses relating to short-term leases	**(82.7)**	(58.0)
Expenses relating to variable lease payments not included in lease liabilities	**(36.4)**	(23.1)
Gain on lease modification and termination	**0.3**	5.0
Sublease income	**6.5**	21.4
Rental income from properties	**7.9**	10.6
Interest income from debt investments	**0.6**	0.6
Auditors' remuneration		
– audit	**(5.0)**	(4.7)
– non-audit services	**(1.0)**	(1.0)
	(6.0)	(5.7)
Net foreign exchange gains/(losses)	**0.5**	(0.5)
Profit on sale of properties *(note 9)*	**64.3**	31.1
Loss on disposals of other tangible and intangible assets	**(6.8)**	(3.0)

4. Operating Profit

	2023 US$m	2022 US$m
Analysis by reportable segment:		
Food	**45.3**	90.9
Convenience	**87.7**	50.5
Health and Beauty	**212.5**	93.6
Home Furnishings	**18.5**	45.5
	364.0	280.5
Selling, general and administrative expenses*	**(151.9)**	(147.3)
Underlying operating profit before IFRS 16†	**212.1**	133.2
IFRS 16 adjustment‡	**81.7**	76.0
Underlying operating profit	**293.8**	209.2
Non-trading items *(note 9)*:		
– divestment of Malaysia Grocery Retail business	**(54.4)**	–
– business restructuring costs	**(12.4)**	(5.8)
– impairment of intangible assets	**(109.8)**	(6.3)
– impairment of right-of-use assets	**–**	(2.2)
– gain on partial disposal of a joint venture	**–**	6.9
– gain on acquisition of an associate	**–**	11.2
– profit on sale of properties	**61.0**	31.1
– change in fair value of an investment property	**(0.6)**	–
– change in fair value of equity and debt investments	**(15.0)**	0.2
	162.6	244.3

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

† This measure of profit and loss is regularly provided to the management. Property lease payments and depreciation of reinstatement costs under the lease contracts were included in the Group's analysis of reportable and geographical segments' results.

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

4. Operating Profit continued

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

	2023 US$m	2022 US$m
North Asia	351.5	259.7
South East Asia	12.5	20.8
	364.0	280.5
Selling, general and administrative expenses*	(151.9)	(147.3)
Underlying operating profit before IFRS 16†	212.1	133.2
IFRS 16 adjustment‡	81.7	76.0
Underlying operating profit	293.8	209.2

5. Net Financing Charges

	2023 US$m	2022 US$m
Interest expense		
– bank loans and advances	(49.5)	(33.4)
– lease liabilities	(95.9)	(86.3)
– other loans	–	(0.5)
	(145.4)	(120.2)
Commitment and other fees	(6.4)	(6.2)
Financing charges	(151.8)	(126.4)
Financing income	7.9	4.8
	(143.9)	(121.6)

6. Share of Results of Associates and Joint Ventures

	2023* **US$m**	2022* US$m
Analysis by reportable segment:		
Food	**(39.4)**	(269.0)
Convenience	**0.3**	–
Health and Beauty	**8.5**	1.4
Restaurants	**77.6**	52.2
Other Retailing	**5.6**	3.4
	52.6	(212.0)

Share of results in Food segment included an impairment charge on the Group's interest in Robinsons Retail which amounted to US$170.8 million in 2022 *(note 14)*.

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

	2023* **US$m**	2022* US$m
Impairment charge on interest in Robinsons Retail	**–**	(170.8)
Impairment charge of Yonghui's investments	**(9.8)**	(17.2)
Change in fair value of Maxim's investment property	**(0.9)**	14.3
Change in fair value of Yonghui's investment property	**(0.2)**	5.7
Change in fair value of Yonghui's equity investments	**(0.9)**	(11.9)
Change in fair value of Robinsons Retail's equity investments	**20.8**	(1.4)
Net gain from divestment of an investment by Yonghui	**–**	4.1
Net gains from sale of debt investments by Robinsons Retail	**0.2**	0.1
	9.2	(177.1)

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

* Included 12 months results from 1st October 2022 to 30th September 2023 *(2022: 1st October 2021 to 30th September 2022)* for Yonghui and Robinsons Retail, based on their latest published announcements.

7. Tax

	2023 US$m	2022 US$m
Tax charged to profit and loss is analysed as follows:		
Current tax	**(45.8)**	(50.9)
Deferred tax	**4.9**	19.6
	(40.9)	(31.3)
Reconciliation between tax expense and tax at the applicable tax rate†:		
Tax at applicable tax rate	**(11.4)**	8.8
Income not subject to tax	**27.4**	14.1
Expenses not deductible for tax purposes	**(54.1)**	(42.4)
Tax losses and temporary differences not recognised	**(12.0)**	(15.5)
Utilisation of previously unrecognised tax losses and temporary differences	**10.5**	6.3
Recognition of previously unrecognised temporary differences	**(1.4)**	5.5
Over/(under) provision in prior years	**3.3**	(8.4)
Withholding tax	**(4.9)**	(3.7)
Other	**1.7**	4.0
	(40.9)	(31.3)
Tax relating to components of other comprehensive income/expense is analysed as follows:		
Remeasurements of defined benefit plans	**0.3**	(0.2)
Cash flow hedges	**1.2**	(1.4)
	1.5	(1.6)

Share of tax charge of associates and joint ventures of US$23.4 million *(2022: US$7.1 million)* is included in share of results of associates and joint ventures.

† The applicable tax rate for the year was 18.2% *(2022: 14.9%)* and represented the weighted average of the rates of taxation prevailing in the territories in which the Group operates.

8. Earnings/(Loss) per Share

Basic earnings/(loss) per share are calculated on profit attributable to shareholders of US$32.2 million *(2022: loss of US$114.6 million)*, and on the weighted average number of 1,346.1 million *(2022: 1,346.8 million)* shares in issue during the year.

Diluted earnings/(loss) per share are calculated on profit attributable to shareholders of US$32.2 million *(2022: loss of US$114.6 million)*, and on the weighted average number of 1,353.6 million *(2022: 1,350.8 million)* shares in issue after adjusting for 7.5 million *(2022: 4.0 million)* shares which are deemed to be issued for no consideration under the share-based long-term incentive plans based on the average share price during the year.

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

	Ordinary shares in millions	
	2023	2022
Weighted average number of shares in issue	**1,353.6**	1,353.3
Shares held by a subsidiary of the Group under a share-based long-term incentive plan	**(7.5)**	(6.5)
Weighted average number of shares for basic earnings per share calculation	**1,346.1**	1,346.8
Adjustment for shares deemed to be issued for no consideration under the share-based long-term incentive plans	**7.5**	4.0
Weighted average number of shares for diluted earnings per share calculation	**1,353.6**	1,350.8

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

	2023			2022		
	US$m	**Basic earnings per share US¢**	**Diluted earnings per share US¢**	US$m	Basic (loss)/ earnings per share US¢	Diluted (loss)/ earnings per share US¢
Profit/(loss) attributable to shareholders	**32.2**	**2.39**	**2.38**	(114.6)	(8.51)	(8.48)
Non-trading items *(note 9)*	**122.5**			143.4		
Underlying profit attributable to shareholders	**154.7**	**11.49**	**11.43**	28.8	2.14	2.14

9. Non-trading Items

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

	Operating profit		**Profit/(loss) attributable to shareholders**	
	2023 US$m	2022 US$m	**2023 US$m**	2022 US$m
Divestment of Malaysia Grocery Retail business				
– loss on disposal of subsidiaries *(note 30(g))*	**(49.1)**	–	**(48.8)**	–
– impairment of tangible assets	**(3.0)**	–	**(3.0)**	–
– loss on lease modifications	**(3.2)**	–	**(3.2)**	–
– gain on sale of associated properties *(note 30(i))*	**3.3**	–	**3.3**	–
– other	**(2.4)**	–	**(2.4)**	–
	(54.4)	–	**(54.1)**	–
Business restructuring costs	**(12.4)**	(5.8)	**(11.4)**	(5.4)
Impairment of intangible assets	**(109.8)**	(6.3)	**(109.8)**	(6.3)
Impairment of right-of-use assets	**–**	(2.2)	**–**	(2.1)
Gain on partial disposal of a joint venture	**–**	6.9	**–**	6.9
Gain on acquisition of an associate	**–**	11.2	**–**	11.2
Profit on sale of properties *(note 30(i))*	**61.0**	31.1	**59.2**	29.2
Change in fair value of an investment property	**(0.6)**	–	**(0.6)**	–
Change in fair value of equity and debt investments *(note 15)*	**(15.0)**	0.2	**(15.0)**	0.2
Impairment charge on interest in Robinsons Retail *(note 6)*	**–**	–	**–**	(170.8)
Share of impairment charge of Yonghui's investments	**–**	–	**(9.8)**	(17.2)
Share of change in fair value of Maxim's investment property	**–**	–	**(0.9)**	14.3
Share of change in fair value of Yonghui's investment property	**–**	–	**(0.2)**	5.7
Share of change in fair value of Yonghui's equity investments	**–**	–	**(0.9)**	(11.9)
Share of change in fair value of Robinsons Retail's equity investments	**–**	–	**20.8**	(1.4)
Share of net gain from divestment of an investment by Yonghui	**–**	–	**–**	4.1
Share of net gains from sale of debt investments by Robinsons Retail	**–**	–	**0.2**	0.1
	(131.2)	35.1	**(122.5)**	(143.4)

9. Non-trading Items continued

In March 2023, the Group exited the Grocery Retail business in Malaysia through disposals of certain of its subsidiaries and associated properties to a third party. The disposal consisted of two phases. In March, shareholdings in GCH Retail (Malaysia) Sdn. Bhd. ('GCH'), and Jutaria Gemilang Sdn Bhd. ('Jutaria'), which operated a supermarket and hypermarket chain, and mini-marts respectively, were disposed. In November, the shareholding in Jupiter Lagoon Sdn. Bhd. ('Jupiter Lagoon'), holding the distribution centres, was disposed. A loss on disposal of subsidiaries amounting to US$49.1 million, including a cumulative exchange translation losses of US$48.7 million, was recorded. Certain tangible assets in the business were impaired upon reclassification to assets held for sale during the year *(note 20)*. The cash received from the divestment of the Malaysia Grocery Retail business was US$19.3 million, representing the cash outflows related to disposals of subsidiaries of US$23.8 million *(note 30(g))* and proceeds from the disposal of associated properties of US$43.1 million *(note 30(i))*.

The Group is in the process of reviewing and restructuring its operation formats. In view of this, a restructuring cost primarily relating to employee related costs of US$12.5 million was charged to profit and loss. In 2022, the restructuring costs were mainly incurred for the Group's 2018 restructuring of its South East Asia Food business.

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

Impairment of intangible assets in 2023 related to the impairment of goodwill associated with San Miu business in Macau, Giant business in Singapore and the remaining goodwill in Digital Hong Kong and Digital Singapore after the impairment review *(note 10)*.

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

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

10. Intangible Assets

	Goodwill US$m	Computer software US$m	Other US$m	Total US$m
2023				
Cost	456.3	274.8	12.9	**744.0**
Amortisation and impairment	(144.6)	(176.4)	(11.1)	**(332.1)**
Net book value at 1st January	311.7	98.4	1.8	**411.9**
Exchange differences	(0.2)	–	–	**(0.2)**
Additions	–	22.9	–	**22.9**
Disposal of subsidiaries	–	(1.9)	–	**(1.9)**
Disposals	–	(0.4)	–	**(0.4)**
Amortisation	–	(30.6)	(0.3)	**(30.9)**
Impairment charge	(109.8)	(2.0)	–	**(111.8)**
Net book value at 31st December	**201.7**	**86.4**	**1.5**	**289.6**
Cost	376.0	265.4	12.4	**653.8**
Amortisation and impairment	(174.3)	(179.0)	(10.9)	**(364.2)**
	201.7	**86.4**	**1.5**	**289.6**
2022				
Cost	448.8	252.7	13.6	715.1
Amortisation and impairment	(143.9)	(147.9)	(11.4)	(303.2)
Net book value at 1st January	304.9	104.8	2.2	411.9
Exchange differences	(0.1)	(1.4)	(0.1)	(1.6)
New subsidiaries	13.2	–	–	13.2
Additions	–	26.2	–	26.2
Amortisation	–	(31.2)	(0.3)	(31.5)
Impairment charge	(6.3)	–	–	(6.3)
Net book value at 31st December	311.7	98.4	1.8	411.9
Cost	456.3	274.8	12.9	744.0
Amortisation and impairment	(144.6)	(176.4)	(11.1)	(332.1)
	311.7	98.4	1.8	411.9

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

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

Management has assessed the recoverable amount of each CGU based on value-in-use calculations using cash flow projections in the approved budgets which have forecasts covering a period of three years and projections for a further two years. Cash flows beyond the projection periods were extrapolated using the assumptions on average sales growth rates, average annual profit growth rates, pre-tax discount rates and long-term growth rates. The pre-tax discount rates reflected business specific risks relating to the relevant industries, business life-cycle and the risk related to the places of operation.

10. Intangible Assets continued

Following the impairment review, the Group has recognised impairment charges against goodwill relating to its San Miu business in Macau amounting to US$60.0 million, its Giant business in Singapore amounting to US$42.9 million and Digital Hong Kong and Digital Singapore amounting to US$6.9 million during the year. Goodwill relating to Giant business in Singapore and Digital Hong Kong and Digital Singapore was fully impaired and goodwill relating to San Miu in Macau was reduced to US$120.3 million.

The recoverable amount based on the value-in-use calculation in the impairment review for San Miu in Macau in 2023 was inherently sensitive to changes in assumptions. Summary of the significant assumptions used and sensitivities on how the recoverable amount would change if the assumptions changed by a reasonably possible amount for San Miu are listed below:

Assumptions used:	
Cash flow projection period	**5 years**
Average sales growth rate	**5.1%**
Average gross profit growth rate	**6.3%**
Pre-tax discount rate	**10.9%**
Long-term growth rate	**2.5%**
	US$m
Sensitivities on recoverable amount:	
– average sales growth rate conforms to long-term growth rate of 2.5%	**(33.7)**
– average gross profit growth rate 1.5% lower	**(36.3)**
– pre-tax discount rate 1.0% higher	**(16.2)**
– long-term growth rate 1.0% lower	**(11.9)**

The sensitivities on recoverable amount represented the amount of further impairment charge that would have been required if there were changes in management assumptions.

For Giant in Singapore, key assumptions used for value-in-use calculation included average sales growth rate of 1.0% and average gross profit growth rate of 0.3%. Cash flows beyond the five-year period are extrapolated using long-term growth rate of 1.0% and pre-tax discount rate of 9.6%.

In 2022, goodwill relating to Digital Hong Kong and Digital Singapore amounting to US$6.3 million was impaired and charged to the profit and loss following the impairment review.

Key assumptions used for value-in-use calculations for the remaining significant balances of goodwill in 2023 include budgeted gross margins between 27% and 36% *(2022: 21% and 29%)* and long-term sales growth rates between 1.0% and 4.5% *(2022: 2.0% and 5.0%)* to project cash flows, which vary across the Group's business segments and geographical locations, over a five-year period, and are based on management expectations for the market development; and pre-tax discount rates between 12% and 13% *(2022: 8% and 16%)* applied to the cash flow projections. The discount rates used reflect specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of this review, management concluded that no further impairment charge is required.

10. Intangible Assets continued

Other intangible assets comprise mainly trademarks.

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

The remaining amortisation periods for intangible assets are as follows:

Computer software	up to 7 years
Trademarks	up to 8 years

11. Tangible Assets

	Freehold properties US$m	Buildings on leasehold land US$m	Leasehold improvements US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2023						
Cost	56.8	315.9	859.4	799.0	324.5	**2,355.6**
Depreciation and impairment	(14.7)	(103.8)	(615.2)	(566.9)	(252.1)	**(1,552.7)**
Net book value at 1st January	42.1	212.1	244.2	232.1	72.4	**802.9**
Exchange differences	(0.1)	1.4	–	0.4	0.1	**1.8**
Additions	–	–	51.7	81.6	25.9	**159.2**
Disposal of subsidiaries	–	(2.8)	(4.7)	(13.1)	(1.0)	**(21.6)**
Disposals	–	(3.1)	(1.9)	(1.6)	(2.0)	**(8.6)**
Revaluation surplus before transfer to investment properties	–	1.5	–	–	–	**1.5**
Transfer to investment properties *(note 13)*	–	(9.5)	–	–	–	**(9.5)**
Depreciation charge	(0.4)	(8.7)	(55.0)	(61.9)	(23.1)	**(149.1)**
Impairment charge	(1.3)	(2.1)	(1.3)	(1.6)	(0.7)	**(7.0)**
Reclassified from assets held for sale *(note 20)*	–	16.6	–	–	–	**16.6**
Reclassified to assets held for sale *(note 20)*	(27.4)	(50.7)	–	–	–	**(78.1)**
Net book value at 31st December	**12.9**	**154.7**	**233.0**	**235.9**	**71.6**	**708.1**
Cost	16.6	217.1	828.7	760.2	290.0	**2,112.6**
Depreciation and impairment	(3.7)	(62.4)	(595.7)	(524.3)	(218.4)	**(1,404.5)**
	12.9	**154.7**	**233.0**	**235.9**	**71.6**	**708.1**

11. Tangible Assets continued

	Freehold properties US$m	Buildings on leasehold land* US$m	Leasehold improvements* US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2022						
Cost	59.0	385.1	822.9	765.5	353.2	2,385.7
Depreciation and impairment	(12.1)	(128.5)	(610.3)	(546.6)	(284.9)	(1,582.4)
Net book value at 1st January	46.9	256.6	212.6	218.9	68.3	803.3
Exchange differences	(1.8)	(20.0)	(7.4)	(8.2)	(2.8)	(40.2)
New subsidiaries	–	–	–	–	0.1	0.1
Additions	–	0.2	96.3	81.6	30.7	208.8
Disposals	–	(10.6)	(1.8)	(1.5)	(0.3)	(14.2)
Transfer to investment properties *(note 13)*	–	(0.3)	–	–	–	(0.3)
Depreciation charge	(1.1)	(10.4)	(56.6)	(60.1)	(22.6)	(150.8)
(Impairment)/reversal of impairment charge	(1.9)	0.7	1.1	0.3	0.1	0.3
Reclassified from assets held for sale *(note 20)*	–	0.2	–	–	–	0.2
Reclassified to assets held for sale *(note 20)*	–	(1.4)	–	–	–	(1.4)
Reclassified to right-of-use assets *(note 12)*	–	(2.9)	–	–	–	(2.9)
Transfer	–	–	–	1.1	(1.1)	–
Net book value at 31st December	42.1	212.1	244.2	232.1	72.4	802.9
Cost	56.8	315.9	859.4	799.0	324.5	2,355.6
Depreciation and impairment	(14.7)	(103.8)	(615.2)	(566.9)	(252.1)	(1,552.7)
	42.1	212.1	244.2	232.1	72.4	802.9

* During the year, management reviewed the composition of assets reported in different categories of tangible assets. As a result, certain assets previously reported under leasehold improvements have been reclassified to buildings on leasehold land. Accordingly, the 2022 comparative figures have been restated to reflect the impact of this change, resulting in previously reported figures decreasing/increasing between the tangible asset categories, respectively: cost at 1st January 2022 by US$81.1 million; depreciation and impairment at 1st January 2022 by US$7.5 million; net book value at 1st January 2022 by US$73.6 million; exchange differences in 2022 by US$7.3 million; depreciation charge in 2022 by US$4.8 million; cost at 31st December 2022 by US$73.0 million; depreciation and impairment at 31st December 2022 by US$11.5 million; and net book value at 31st December 2022 by US$61.5 million. Restatement is not required for the total tangible assets balance.

11. Tangible Assets continued

Rental income from properties amounted to US$7.9 million *(2022: US$10.6 million)* with no contingent rents for both 2023 and 2022.

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

	2023 US$m	2022 US$m
Within one year	**1.2**	9.9
Between one and two years	**1.0**	4.4
Between two and five years	**0.7**	4.5
Beyond five years	**–**	1.3
	2.9	20.1

There were no tangible assets pledged as security for borrowings at 31st December 2023 and 2022.

12. Right-of-use Assets

	Leasehold land US$m	Properties US$m	Furniture, equipment & other US$m	Total US$m
2023				
Net book value at 1st January	106.5	2,563.0	0.6	**2,670.1**
Exchange differences	0.8	3.1	–	**3.9**
Additions	–	155.1	–	**155.1**
Disposal of subsidiaries	(1.3)	(73.2)	–	**(74.5)**
Disposals	(12.6)	–	–	**(12.6)**
Revaluation surplus before transfer to investment properties	63.2	–	–	**63.2**
Transfer to investment properties *(note 13)*	(73.7)	–	–	**(73.7)**
Modifications to lease terms	–	601.7	–	**601.7**
Amortisation/depreciation charge	(2.0)	(644.9)	(0.3)	**(647.2)**
Impairment charge	–	(0.6)	–	**(0.6)**
Reclassified from assets held for sale *(note 20)*	28.6	–	–	**28.6**
Reclassified to assets held for sale *(note 20)*	(34.0)	(17.7)	–	**(51.7)**
Net book value at 31st December	**75.5**	**2,586.5**	**0.3**	**2,662.3**
2022				
Net book value at 1st January	120.3	2,626.5	0.8	2,747.6
Exchange differences	(7.5)	(66.0)	(0.1)	(73.6)
Additions	–	175.2	0.2	175.4
Revaluation surplus before transfer to investment properties	38.2	–	–	38.2
Transfer to investment properties *(note 13)*	(39.5)	–	–	(39.5)
Modifications to lease terms	–	503.0	0.1	503.1
Amortisation/depreciation charge	(2.6)	(675.7)	(0.4)	(678.7)
Impairment charge	(0.9)	–	–	(0.9)
Reclassified from assets held for sale *(note 20)*	1.8	–	–	1.8
Reclassified to assets held for sale *(note 20)*	(6.2)	–	–	(6.2)
Reclassified from tangible assets *(note 11)*	2.9	–	–	2.9
Net book value at 31st December	106.5	2,563.0	0.6	2,670.1

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

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

Leasehold land	25 to 999 years
Properties	1 to 40 years
Furniture, equipment & other	1 to 6 years

There was no leasehold land pledged as security for borrowings at 31st December 2023 and 2022.

13. Investment Properties

	2023	2022
	US$m	US$m
At 1st January	**39.8**	–
Exchange differences	**(0.2)**	–
Transfer from tangible assets *(note 11)*	**9.5**	0.3
Transfer from right-of-use assets *(note 12)*	**73.7**	39.5
Change in fair value	**(0.6)**	–
At 31st December	**122.2**	39.8

Following a change of the future use determined by the Directors, several properties in Hong Kong and Indonesia were transferred to investment properties at 31st December 2023. On the date of transfer, the properties were accounted for at their respective fair values and US$64.7 million was credited to the revaluation reserves *(note 11 and note 12)*.

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

The Group's investment properties are further summarised as follows:

		2023	2022
Category	**Location**	**US$m**	US$m
Residential property	Hong Kong	**39.0**	39.8
Commercial properties	Hong Kong	**23.4**	–
Commercial properties	Indonesia	**59.8**	–
		122.2	39.8

All investment properties are leasehold properties.

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2023 and 2022 have been determined on the basis of valuations carried out by independent valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties being valued.

The Group engaged Jones Lang LaSalle and KJPP Susan Widjojo & Rekan to value its investment properties in Hong Kong and Indonesia, respectively. The valuations in Hong Kong conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, while the valuations in Indonesia conform to the local valuation standards. The valuations are comprehensively reviewed by the Group.

13. Investment Properties continued

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

Fair values of commercial properties in Hong Kong are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have referenced to valuers' views of recent lettings, within the subject properties and other comparable properties.

In Hong Kong, fair value of the residential property is also cross-referenced to income capitalisation method and the fair values of commercial properties are also cross-referenced to direct comparison method as supplementary measurements.

In Indonesia, fair values of the leasehold land portion of commercial properties are measured using direct comparison method and the fair values of the relevant building portion are measured through depreciated replacement cost method. The depreciated replacement cost method refers to the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. Capitalisation rates are estimated by independent valuers based on the risk profile of the properties being valued.

During the year, the rental income from investment properties amounted to US$0.8 million *(2022: US$nil)*.

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

	2023 **US$m**	2022 US$m
Within one year	**2.6**	0.8
Between one and two years	**2.0**	0.8
Between two and five years	**1.4**	0.4
Beyond five years	**1.2**	–
	7.2	2.0

There were no investment properties pledged as security for borrowings at 31st December 2023 and 2022.

14. Associates and Joint Ventures

	2023 **US$m**	2022 US$m
Associates		
Listed associates	**623.1**	662.8
Unlisted associates	**567.1**	519.4
Share of attributable net assets	**1,190.2**	1,182.2
Goodwill on acquisition	**601.7**	600.1
	1,791.9	1,782.3
Joint ventures		
Unlisted joint ventures	**1.8**	(2.1)
Amount due from a joint venture	**–**	1.2
	1.8	(0.9)
	1,793.7	1,781.4

At 31st December 2022, the amount due from a joint venture was unsecured and interest-bearing at a fixed rate of 3.13% per annum. The balance was settled during the year.

	Associates		**Joint ventures**	
	2023 **US$m**	2022 US$m	**2023** **US$m**	2022 US$m
Movements of associates and joint ventures during the year:				
At 1st January	**1,782.3**	2,157.8	**(0.9)**	6.5
Exchange differences	**(14.9)**	(145.2)	**(0.1)**	0.1
Share of results after tax and non-controlling interests	**61.9**	(197.9)	**(9.3)**	(14.1)
Share of other comprehensive expense after tax and non-controlling interests	**(0.6)**	(0.1)	**–**	–
Dividends received	**(45.6)**	(44.8)	**–**	–
Additions, capital injections and advances	**7.9**	11.2	**12.1**	9.5
Other movements in attributable interests	**0.9**	1.3	**–**	(2.9)
At 31st December	**1,791.9**	1,782.3	**1.8**	(0.9)
Fair values of listed associates*	**986.4**	1,308.7		

* Fair values of the listed associates were based on quoted prices in active markets at 31st December 2023 and 2022.

The Group acquired 40% interest in Minden from a third party in 2022. A gain on acquisition of an associate amounted to US$11.2 million was recognised in the profit and loss.

14. Associates and Joint Ventures continued

At 31st December 2023, the fair values of Yonghui and Robinsons Retail were US$760.6 million and US$225.8 million. Comparing to their respective carrying amounts of US$792.2 million and US$432.6 million, which indicated deficits of US$31.6 million for Yonghui and US$206.8 million for Robinsons Retail. Management has performed impairment reviews on their carrying values and concluded that the value-in-use calculations supported no impairment charges were required.

In 2022, following the impairment review performed by the management, an impairment charge of US$170.8 million was charged to profit and loss on the interest in Robinsons Retail.

Summary of the significant assumptions used and sensitivities on recoverable amounts for the impairment reviews in 2023 and 2022 are listed below:

	Yonghui	Robinsons Retail	
	2023	**2023**	2022
	US$m	**US$m**	US$m
Goodwill allocated	**476.8**	**124.9**	123.8
Assumptions used:			
Cash flow projection period	**5 years**	**5 years**	5 years
Average revenue growth rate	**3.6%**	**4.0%**	4.0%
Average annual profit before interest and tax growth rate	**1.6%**	**10.7%**	11.0%
Pre-tax discount rate	**8.4%**	**13.7%**	15.2%
Long-term growth rate	**2.0%**	**3.0%**	3.0%
Sensitivities on recoverable amounts:			
– average revenue growth rate 1.0% lower	**(322.2)**	**(29.0)**	(61.7)
– profit before interest and tax margin 0.4% lower for Yonghui	**(120.5)**	**n/a**	n/a
– average annual profit before interest and tax growth rate 1.0% lower for Robinsons Retail	**n/a**	**–**	(15.2)
– pre-tax discount rate 1.0% higher	**(113.3)**	**–**	(30.7)
– long-term growth rate			
– 0.5% lower for Yonghui	**(21.4)**	**n/a**	n/a
– 1.0% lower for Robinsons Retail	**n/a**	**–**	(30.2)

The sensitivities on recoverable amounts represented the amount of impairment charge in 2023 and further impairment charge in 2022 that would have been required if there were changes in management assumptions.

14. Associates and Joint Ventures continued

(a) Investment in associates

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

Nature of investments in material associates in 2023 and 2022:

			% of ownership interest	
Name of entity	**Nature of business**	**Place of incorporation/listing**	**2023**	2022
Maxim's Caterers Limited ('Maxim's')	Restaurants	Hong Kong/Unlisted	**50**	50
Yonghui Superstores Co., Ltd ('Yonghui')	Grocery retail	Chinese mainland/Shanghai	**21.44**	21.13
Robinsons Retail Holdings, Inc. ('Robinsons Retail')	Food, convenience, health and beauty, department stores, specialty and DIY stores	The Philippines/ The Philippines	**21.47**	21.30

Following the continuous share buybacks in Yonghui and Robinsons Retail, the Group's interests in Yonghui increased from 21.13% to 21.44% and Robinsons Retail increased from 21.30% to 21.47% at 30th September 2023.

14. Associates and Joint Ventures continued

(a) Investment in associates continued

Summarised financial information for material associates

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

	Maxim's		Yonghui		Robinsons Retail	
	2023	2022	**2023***	2022†	**2023***	2022†
	US$m	US$m	**US$m**	US$m	**US$m**	US$m
Non-current assets	**2,663.0**	2,505.6	**5,321.0**	6,130.7	**2,024.0**	1,598.1
Current assets						
Cash and cash equivalents	**201.2**	219.1	**931.1**	1,136.7	**164.1**	226.5
Other current assets	**291.1**	286.0	**1,724.4**	1,954.5	**591.0**	553.5
Total current assets	**492.3**	505.1	**2,655.5**	3,091.2	**755.1**	780.0
Non-current liabilities						
Financial liabilities‡	**(932.7)**	(992.2)	**(2,980.0)**	(3,638.1)	**(631.6)**	(384.9)
Other non-current liabilities	**(169.2)**	(163.5)	**(32.1)**	(34.9)	**(104.0)**	(101.6)
Total non-current liabilities	**(1,101.9)**	(1,155.7)	**(3,012.1)**	(3,673.0)	**(735.6)**	(486.5)
Current liabilities						
Financial liabilities‡	**(708.2)**	(600.2)	**(999.0)**	(1,243.2)	**(178.9)**	(179.6)
Other current liabilities	**(107.4)**	(112.7)	**(2,627.7)**	(2,617.4)	**(382.0)**	(368.2)
Total current liabilities	**(815.6)**	(712.9)	**(3,626.7)**	(3,860.6)	**(560.9)**	(547.8)
Non-controlling interests	**(130.6)**	(123.2)	**(7.1)**	(39.2)	**(82.4)**	(81.0)
Net assets	**1,107.2**	1,018.9	**1,330.6**	1,649.1	**1,400.2**	1,262.8

* Based on unaudited summarised balance sheet at 30th September 2023.

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

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

14. Associates and Joint Ventures continued

(a) Investment in associates continued

Summarised financial information for material associates continued

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

	Maxim's		Yonghui		Robinsons Retail	
	2023	2022	**2023^**	2022#	**2023^**	2022#
	US$m	US$m	**US$m**	US$m	**US$m**	US$m
Revenue	**3,109.2**	2,524.0	**10,719.1**	13,053.5	**3,410.7**	3,237.3
Depreciation and amortisation	**(441.1)**	(405.8)	**(484.8)**	(654.9)	**(131.3)**	(137.7)
Interest income	**3.1**	1.6	**19.4**	36.4	**5.9**	6.8
Interest expense	**(45.7)**	(34.9)	**(191.7)**	(342.9)	**(51.1)**	(36.4)
Profit/(loss) from underlying business performance	**204.0**	86.7	**(193.5)**	(457.1)	**109.8**	148.7
Income tax (expense)/credit	**(41.0)**	(9.6)	**(1.1)**	11.9	**(28.1)**	(21.4)
Profit/(loss) after tax from underlying business performance	**163.0**	77.1	**(194.6)**	(445.2)	**81.7**	127.3
(Loss)/profit after tax from non-trading items	**(1.8)**	28.7	**(51.7)**	(92.7)	**98.2**	(7.1)
Profit/(loss) after tax	**161.2**	105.8	**(246.3)**	(537.9)	**179.9**	120.2
Non-controlling interests	**(6.0)**	(1.3)	**23.9**	53.6	**(10.8)**	(10.1)
Profit/(loss) after tax and non-controlling interests	**155.2**	104.5	**(222.4)**	(484.3)	**169.1**	110.1
Other comprehensive income/(expense)	**3.5**	(23.3)	**–**	(0.1)	**(11.7)**	(5.9)
Total comprehensive income	**158.7**	81.2	**(222.4)**	(484.4)	**157.4**	104.2
Dividends received from associates	**34.5**	28.1	**–**	5.7	**11.1**	11.0

^ Based on unaudited summarised statement of comprehensive income for the 12 months ended 30th September 2023.

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

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

14. Associates and Joint Ventures continued

(a) Investment in associates continued

Reconciliation of the summarised financial information

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

	Maxim's		Yonghui		Robinsons Retail	
	2023	2022	**2023**	2022	**2023**	2022
	US$m	US$m	**US$m**	US$m	**US$m**	US$m
Net assets	**1,107.2**	1,018.9	**1,330.6†**	1,649.1‡	**1,400.2†**	1,262.8‡
Interests in associates (%)	***50***	*50*	***21.44***	*21.13*	***21.47***	*21.30*
Group's share of net assets in associates	**553.6**	509.5	**285.3**	348.5	**300.6**	269.0
Goodwill	**–**	–	**476.8**	476.3	**124.9**	123.8
Other reconciling items	**–**	–	**30.1**	30.7	**7.1**	14.6
Carrying value	**553.6**	509.5	**792.2**	855.5	**432.6**	407.4
Fair values*	**n/a**	n/a	**760.6**	1,004.0	**225.8**	304.7

* Fair values of the listed associates were based on quoted prices in active markets at 31st December 2023 and 2022.

† Based on unaudited summarised balance sheet at 30th September 2023.

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

Contingent liabilities in respect of associates

There were no contingent liabilities relating to the Group's interests in associates at 31st December 2023 and 2022.

14. Associates and Joint Ventures continued

(b) Investment in joint ventures

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

Commitments and contingent liabilities in respect of joint ventures

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

	2023 US$m	2022 US$m
Commitment to provide funding if called	**–**	2.8

There were no contingent liabilities relating to the Group's interests in the joint ventures at 31st December 2023 and 2022.

15. Other Investments

	2023 US$m	2022 US$m
Equity investments measured at fair value through profit and loss		
– unlisted equity investments	**6.7**	11.7
Debt investments measured at fair value through profit and loss		
– unlisted debt investments	**–**	10.0
	6.7	21.7

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

	2023 US$m	2022 US$m
Movements during the year:		
At 1st January	**21.7**	11.5
Additions	**–**	10.0
Change in fair value recognised in profit and loss *(note 9)*	**(15.0)**	0.2
At 31st December	**6.7**	21.7

The Group had equity and debt investments in Pickupp Limited ('Pickupp'), a delivery platform founded in Hong Kong, amounted to US$15.0 million. The fair values of the investments were valued based on unobservable inputs *(note 39)*. Following the management's review in 2023, the Group determined the fair value of the investments to be US$nil.

16. Debtors

	2023 US$m	2022 US$m
Trade debtors		
Third parties	114.2	93.5
Associates	–	1.0
	114.2	94.5
Less: provision for impairment	(0.5)	(1.1)
	113.7	93.4
Other debtors		
Third parties	249.3	287.0
Less: provision for impairment	(4.5)	(3.2)
	244.8	283.8
	358.5	377.2
Non-current		
– trade debtors	–	–
– other debtors	102.2	124.3
	102.2	124.3
Current		
– trade debtors	113.7	93.4
– other debtors	142.6	159.5
	256.3	252.9
	358.5	377.2

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

Other debtors are further analysed as follows:

	2023 US$m	2022 US$m
Derivative financial instruments	14.2	40.9
Rental and other deposits	140.6	148.0
Other receivables	25.9	21.5
Financial assets	180.7	210.4
Prepayments	47.7	51.5
Other	16.4	21.9
	244.8	283.8

16. Debtors continued

Trade and other debtors

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

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

Impairment of trade and other debtors

At 31st December 2023, trade debtors of US$0.5 million *(2022: US$1.1 million)* were impaired, which have been fully provided for in both years. The ageing analysis of these debtors is as follows:

	Trade debtors	
	2023	2022
	US$m	US$m
Below 30 days	**–**	–
Between 31 and 60 days	**–**	–
Between 61 and 90 days	**–**	–
Over 90 days	**0.5**	1.1
	0.5	1.1

The Group has assessed the expected impairment of other debtors, including rental and other deposits, based on the likelihood of collection of the balances at the time at which they are due. At 31st December 2023 and 2022, total amounts deemed uncollectible were immaterial.

Movements in the provisions for impairment are as follows:

	Trade debtors		Other debtors	
	2023	2022	**2023**	2022
	US$m	US$m	**US$m**	US$m
At 1st January	**(1.1)**	(2.7)	**(3.2)**	(4.5)
Exchange differences	**–**	0.1	**(0.1)**	0.3
Additional provisions	**–**	–	**(3.8)**	(1.5)
Disposal of subsidiaries	**–**	–	**0.3**	–
Unused amounts reversed	**0.1**	0.5	**0.1**	1.5
Amounts written off	**0.5**	1.0	**2.2**	1.0
At 31st December	**(0.5)**	(1.1)	**(4.5)**	(3.2)

There were no debtors pledged as security for borrowings at 31st December 2023 and 2022.

17. Deferred Tax Assets/(Liabilities)

	Accelerated tax depreciation US$m	Fair value gains/losses US$m	Employee benefits US$m	Lease liabilities and other temporary differences US$m	Total US$m
2023					
At 1st January					
– as previously reported	(25.0)	(2.3)	0.2	14.4	**(12.7)**
– change in accounting policy *(note 1)*	(252.4)	–	–	252.4	**–**
– as restated	(277.4)	(2.3)	0.2	266.8	**(12.7)**
Exchange differences	(1.1)	–	–	1.4	**0.3**
(Charged)/credited to profit and loss	(2.1)	–	0.2	6.8	**4.9**
Credited to other comprehensive income	–	1.2	0.3	–	**1.5**
Disposal of subsidiaries	1.6	–	–	–	**1.6**
Reclassified to assets held for sale *(note 20)*	11.5	–	–	(12.5)	**(1.0)**
At 31st December	**(267.5)**	**(1.1)**	**0.7**	**262.5**	**(5.4)**
Deferred tax assets	(239.4)	(0.1)	1.3	274.0	**35.8**
Deferred tax liabilities	(28.1)	(1.0)	(0.6)	(11.5)	**(41.2)**
	(267.5)	**(1.1)**	**0.7**	**262.5**	**(5.4)**
2022					
At 1st January					
– as previously reported	(21.6)	(2.9)	1.1	(5.9)	(29.3)
– change in accounting policy *(note 1)*	(239.6)	–	–	239.6	–
– as restated	(261.2)	(2.9)	1.1	233.7	(29.3)
Exchange differences	11.3	0.2	(0.2)	(12.7)	(1.4)
(Charged)/credited to profit and loss	(27.5)	1.8	(0.5)	45.8	19.6
Charged to other comprehensive expense	–	(1.4)	(0.2)	–	(1.6)
At 31st December	(277.4)	(2.3)	0.2	266.8	(12.7)
Deferred tax assets	(252.3)	(2.3)	1.2	280.7	27.3
Deferred tax liabilities	(25.1)	–	(1.0)	(13.9)	(40.0)
	(277.4)	(2.3)	0.2	266.8	(12.7)

17. Deferred Tax Assets/(Liabilities) continued

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

Deferred tax assets of US$63.2 million *(2022: US$99.7 million)* arising from unused tax losses of US$291.8 million *(2022: US$442.6 million)* have not been recognised in the financial statements. Included in the unused tax losses, US$61.7 million have no expiry date and the balance will expire at various dates up to and including 2028.

At 31st December 2023 and 2022, no deferred tax liabilities arising on temporary differences associated with investment in subsidiaries had been recognised as there were no undistributed earnings of these subsidiaries. With respect to the investment in associates, deferred tax liabilities of US$15.0 million *(2022: US$15.0 million)* were recognised for the temporary differences of the unremitted earnings.

18. Pension Plans

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

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

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

	2023 US$m	2022 US$m
Fair value of plan assets	**187.7**	173.9
Present value of funded obligations	**(185.6)**	(169.7)
	2.1	4.2
Present value of unfunded obligations	**(3.9)**	(3.3)
Net pension (liabilities)/assets	**(1.8)**	0.9
Analysis of net pension (liabilities)/assets:		
Pension assets	**4.4**	6.7
Pension liabilities	**(6.2)**	(5.8)
	(1.8)	0.9

18. Pension Plans continued

The movements in the net pension (liabilities)/assets are as follows:

	Fair value of plan assets US$m	Present value of obligations US$m	Total US$m
2023			
At 1st January	173.9	(173.0)	**0.9**
Current service cost	–	(12.5)	**(12.5)**
Interest income/(expense)	8.6	(8.2)	**0.4**
Past service cost	–	(0.2)	**(0.2)**
Administration expenses	(0.3)	–	**(0.3)**
	8.3	(20.9)	**(12.6)**
	182.2	(193.9)	**(11.7)**
Exchange differences	(0.3)	0.2	**(0.1)**
Remeasurements			
– return on plan assets, excluding amounts included in interest income	8.0	–	**8.0**
– change in financial assumptions	–	(8.0)	**(8.0)**
– experience losses	–	(3.1)	**(3.1)**
	8.0	(11.1)	**(3.1)**
Contributions from employers	12.5	–	**12.5**
Contributions from plan participants	0.1	(0.1)	**–**
Benefit payments	(14.6)	14.7	**0.1**
Settlements	–	0.5	**0.5**
Transfer (to)/from other plans	(0.2)	0.2	**–**
At 31st December	**187.7**	**(189.5)**	**(1.8)**
2022			
At 1st January	197.5	(191.7)	5.8
Current service cost	–	(13.3)	(13.3)
Interest income/(expense)	4.6	(4.4)	0.2
Past service cost	–	(0.1)	(0.1)
Administration expenses	(1.2)	–	(1.2)
	3.4	(17.8)	(14.4)
	200.9	(209.5)	(8.6)
Exchange differences	(0.2)	0.9	0.7
Remeasurements			
– return on plan assets, excluding amounts included in interest income	(22.7)	–	(22.7)
– change in financial assumptions	–	27.1	27.1
– experience losses	–	(3.1)	(3.1)
	(22.7)	24.0	1.3
Contributions from employers	7.2	–	7.2
Contributions from plan participants	0.1	(0.1)	–
Benefit payments	(11.8)	11.9	0.1
Settlements	–	0.2	0.2
Transfer from/(to) other plans	0.4	(0.4)	–
At 31st December	173.9	(173.0)	0.9

18. Pension Plans continued

The weighted average duration of the defined benefit obligations at 31st December 2023 was 5.8 years *(2022: 5.7 years)*.

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

	2023 US$m	2022 US$m
Within one year	**33.6**	26.7
Between one and two years	**21.6**	21.5
Between two and five years	**66.5**	65.7
Between five and ten years	**103.5**	99.0
Between ten and fifteen years	**93.7**	94.7
Between fifteen and twenty years	**61.4**	65.9
Beyond twenty years	**56.4**	51.5
	436.7	425.0

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

	Hong Kong		**Indonesia**		**Taiwan**		**The Philippines**	
	2023 %	2022 %	**2023** %	2022 %	**2023** %	2022 %	**2023** %	2022 %
Discount rate	**4.3**	5.2	**6.8**	7.1	**1.5**	1.6	**6.1**	7.3
Salary growth rate	**4.0**	4.0	**6.1**	5.9	**3.5**	3.0	**4.5**	5.0

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

		(Increase)/decrease on defined benefit obligations	
	Change in assumption %	**Increase in assumption** US$m	**Decrease in assumption** US$m
Discount rate	**1**	**10.0**	**(10.6)**
Salary growth rate	**1**	**(11.4)**	**9.9**

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

18. Pension Plans continued

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

	2023 **US$m**	2022 US$m
Investment funds		
Asia Pacific	**42.0**	38.1
Europe	**36.4**	35.2
North America	**95.1**	88.8
Global	**20.2**	17.5
Total investments	**193.7**	179.6
Cash and cash equivalents	**10.0**	8.1
Benefits payable and other	**(16.0)**	(13.8)
	187.7	173.9

At 31st December 2023, 79% *(2022: 83%)* of investment funds were quoted on active markets.

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

At 31st December 2023, the Hong Kong plans had assets of US$183.6 million *(2022: US$170.7 million)*.

The Group maintains an active and regular contribution schedule in major plans. The contributions to all its plans in 2023 were US$12.5 million and the estimated amounts of contributions expected to be paid to all its plans in 2024 are US$13.6 million.

19. Cash and Bank Balances

	2023	2022
	US$m	US$m
Deposits with banks	**32.8**	33.9
Bank balances	**84.2**	47.3
Cash balances	**186.4**	149.5
	303.4	230.7
Analysis by currency:		
Chinese renminbi	**14.4**	10.4
Hong Kong dollar	**158.9**	122.0
Indonesian rupiah	**5.5**	5.6
Macau pataca	**20.7**	17.2
Malaysian ringgit	**11.7**	8.9
New Taiwan dollar	**31.1**	30.8
Singapore dollar	**28.9**	20.2
United States dollar	**29.1**	11.5
Other	**3.1**	4.1
	303.4	230.7

The weighted average interest rate on deposits with banks at 31st December 2023 was 0.3% *(2022: 1.3%)* per annum.

20. Assets Held for Sale/(Liabilities Associated with Assets Held for Sale)

	2023	2022
	US$m	US$m
Non-current assets held for sale	**6.5**	65.7
Assets included in disposal group held for sale	**41.3**	–
Assets held for sale	**47.8**	65.7
Liabilities associated with assets held for sale	**(19.8)**	–
	28.0	65.7

Non-current assets held for sale

At 31st December 2023, the non-current assets held for sale represented two properties in Indonesia brought forward from 31st December 2022. The sale of these properties was completed in early 2024.

At 31st December 2022, the non-current assets held for sale represented 17 properties in Indonesia, and a piece of vacant land in Malaysia. Three properties in Indonesia were sold during the year at a profit of US$16.6 million while the vacant land in Malaysia was disposed of via the divestment of the Malaysia Grocery Retail business. Twelve properties in Indonesia remained unsold. As a result of weaker property market sentiment in Indonesia, the sale of these properties is no longer considered highly probable within 12 months after the year end. Therefore, these properties have been reclassified to tangible assets or right-of-use assets, respectively.

20. Assets Held for Sale/(Liabilities Associated with Assets Held for Sale) continued

Non-current assets held for sale continued

The movements of non-current assets held for sale are as follows:

	2023 US$m	2022 US$m
At 1st January	**65.7**	85.1
Exchange differences	**(2.3)**	(8.0)
Reclassified from tangible assets *(note 11)*	**58.6**	1.4
Reclassified from right-of-use assets *(note 12)*	**34.0**	6.2
Reclassified to tangible assets *(note 11)*	**(16.6)**	(0.2)
Reclassified to right-of-use assets *(note 12)*	**(28.6)**	(1.8)
Disposal of subsidiaries	**(50.0)**	–
Disposals	**(54.3)**	(17.0)
At 31st December	**6.5**	65.7
Tangible assets	**–**	22.4
Right-of-use assets	**6.5**	43.3
	6.5	65.7

Disposal of subsidiaries mainly represented the distribution centres, previously held by Jupiter Lagoon, which were disposed of as part of the divestment of Malaysia Grocery Retail business during the year *(note 9 and note 30(g))*.

Disposal group held for sale

	2023 US$m
Tangible assets *(note 11)*	**19.5**
Right-of-use assets *(note 12)*	**17.7**
Deferred tax assets *(note 17)*	**1.0**
Debtors	**0.2**
Cash and bank balances *(note 30(l))*	**2.9**
Assets held for sale	**41.3**
Creditors	**(0.1)**
Lease liabilities *(note 23)*	**(19.5)**
Tax liabilities	**(0.2)**
Liabilities associated with assets held for sale	**(19.8)**
	21.5

20. Assets Held for Sale/(Liabilities Associated with Assets Held for Sale) continued

Disposal group held for sale continued

In December 2023, the Group entered into a sale and purchase agreement with a third party to dispose of its subsidiary, DFI Properties Taiwan Limited ('DFI Properties'), a property holding company in Taiwan. Upon completion of the transaction, the Group will leaseback a portion of the tangible and right-of-use assets from DFI Properties.

At 31st December 2023, the disposal group held for sale represented the portion of the tangible and right-of-use assets that will not be leased back, and other assets and liabilities, with a total carrying value of US$21.5 million attributable to DFI Properties. The consideration of the disposal exceeds the carrying amounts of the relevant assets and liabilities and accordingly, no impairment loss has been recognised. The transactions are expected to complete in the first half of 2024.

21. Creditors

	2023 US$m	2022 US$m
Trade creditors		
– third parties	**1,155.0**	1,209.8
– associates	**7.5**	4.1
– joint ventures	**–**	0.6
	1,162.5	1,214.5
Accruals*	**546.9**	576.7
Rental and other refundable deposits	**19.1**	25.6
Derivative financial instruments	**1.0**	1.0
Other creditors*	**162.6**	128.0
Financial liabilities	**1,892.1**	1,945.8
Contract liabilities	**200.6**	231.4
Rental income received in advance	**0.9**	1.0
Other	**6.0**	0.2
	2,099.6	2,178.4
Non-current	**3.7**	8.7
Current	**2,095.9**	2,169.7
	2,099.6	2,178.4

* During the year, management reviewed the composition of balances reported in different categories of creditors. As a result, certain balances previously reported under accruals have been reclassified to other creditors. Accordingly, the 2022 comparative figures have been restated to reflect the impact of this change, resulting in previously reported accruals decreasing by US$112.1 million and other creditors increasing by US$112.1 million. Restatement is not required for the total creditors balance.

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

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

During the year, revenue related to the contract liabilities at the beginning of the year amounted to US$208.0 million *(2022: US$169.5 million)* was recognised.

22. Borrowings

	2023 US$m	2022 US$m
Current		
– bank overdrafts	**8.1**	17.0
– other bank advances	**552.4**	714.9
	560.5	731.9
Current portion of long-term borrowings	**210.6**	105.6
	771.1	837.5
Long-term bank borrowings	**153.0**	258.7
	924.1	1,096.2

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

The Group's borrowings are further summarised as follows:

	Fixed rate borrowings				
By currency	**Weighted average interest rates %**	**Weighted average period outstanding Year**	**US$m**	**Floating rate borrowings US$m**	**Total US$m**
2023					
Chinese renminbi	4.0	–	–	27.8	**27.8**
Hong Kong dollar	3.0	0.1	189.4	128.0	**317.4**
Indonesian rupiah	8.3	–	–	112.1	**112.1**
Malaysian ringgit	4.3	–	–	15.9	**15.9**
Singapore dollar	3.4	–	–	246.5	**246.5**
United States dollar	0.8	0.1	199.8	4.6	**204.4**
			389.2	**534.9**	**924.1**
2022					
Chinese renminbi	4.0	–	–	40.8	40.8
Hong Kong dollar	2.2	0.1	189.8	190.3	380.1
Indonesian rupiah	7.3	–	–	141.1	141.1
Malaysian ringgit	4.5	–	–	230.2	230.2
United States dollar	0.7	0.2	299.8	4.2	304.0
			489.6	606.6	1,096.2

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

22. Borrowings continued

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

	2023 US$m	2022 US$m
Floating rate borrowings	**534.9**	606.6
Fixed rate borrowings		
– within one year	**389.2**	100.0
– between one and two years	**–**	389.6
	924.1	1,096.2

The movements in borrowings are as follows:

	Bank overdrafts US$m	**Short-term borrowings US$m**	**Long-term borrowings US$m**	**Total US$m**
2023				
At 1st January	17.0	820.5	258.7	**1,096.2**
Exchange differences	(0.3)	1.9	0.8	**2.4**
Change in bank overdrafts	(8.6)	–	–	**(8.6)**
Drawdown of borrowings	–	728.4	540.5	**1,268.9**
Repayment of borrowings	–	(1,177.2)	(308.9)	**(1,486.1)**
Net increase in other short-term borrowings	–	51.3	–	**51.3**
Transfer	–	338.1	(338.1)	**–**
At 31st December	**8.1**	**763.0**	**153.0**	**924.1**
2022				
At 1st January	0.4	743.1	310.8	1,054.3
Exchange differences	(0.4)	(26.5)	(2.1)	(29.0)
Change in fair value	–	0.5	–	0.5
Change in bank overdrafts	17.0	–	–	17.0
Drawdown of borrowings	–	1,269.4	160.0	1,429.4
Repayment of borrowings	–	(1,273.8)	(194.9)	(1,468.7)
Net increase in other short-term borrowings	–	92.7	–	92.7
Transfer	–	15.1	(15.1)	–
At 31st December	17.0	820.5	258.7	1,096.2

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

23. Lease Liabilities

	2023 US$m	2022 US$m
At 1st January	**2,875.7**	2,960.3
Exchange differences	**2.4**	(77.9)
Additions	**151.0**	171.9
Disposal of subsidiaries	**(146.6)**	–
Reclassified to liabilities associated with assets held for sale *(note 20)*	**(19.5)**	–
Modifications to lease terms	**609.5**	482.0
Lease payments	**(720.6)**	(746.9)
Interest expense	**95.9**	86.3
At 31st December	**2,847.8**	2,875.7
Non-current	**2,285.8**	2,289.4
Current	**562.0**	586.3
	2,847.8	2,875.7

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

The Group was not exposed to any residual guarantees in respect of the leases entered into at 31st December 2023 and 2022.

The Group has not entered into any material lease contracts which have not commenced at 31st December 2023 and 2022.

24. Provisions

	Closure cost provisions US$m	Reinstatement and restoration costs US$m	Statutory employee entitlements US$m	Total US$m
2023				
At 1st January	6.3	138.4	4.2	**148.9**
Exchange differences	0.1	0.1	–	**0.2**
Additional provisions	6.1	12.7	–	**18.8**
Disposal of subsidiaries	–	(12.0)	–	**(12.0)**
Unused amounts reversed	(2.7)	(6.3)	–	**(9.0)**
Utilised	(1.4)	(0.9)	–	**(2.3)**
At 31st December	**8.4**	**132.0**	**4.2**	**144.6**
Non-current	–	101.5	4.2	**105.7**
Current	8.4	30.5	–	**38.9**
	8.4	**132.0**	**4.2**	**144.6**
2022				
At 1st January	14.0	138.2	–	152.2
Exchange differences	(0.8)	(1.1)	–	(1.9)
Additional provisions	4.4	5.9	4.2	14.5
Unused amounts reversed	(5.1)	(1.6)	–	(6.7)
Utilised	(6.2)	(3.0)	–	(9.2)
At 31st December	6.3	138.4	4.2	148.9
Non-current	0.1	104.4	4.2	108.7
Current	6.2	34.0	–	40.2
	6.3	138.4	4.2	148.9

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

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

Statutory employee entitlements are the long service payments for the employees.

25. Share Capital

	2023 US$m	2022 US$m
Authorised:		
2,250,000,000 shares of US¢5 5/9 each	**125.0**	125.0
500,000 shares of US$800 each	**400.0**	400.0
	525.0	525.0

	Ordinary shares in millions		2023	2022
	2023	2022	US$m	US$m
Issued and fully paid:				
Ordinary shares of US¢5 5/9 each				
At 1st January	**1,353.3**	1,352.9	**75.2**	75.2
Issue under share-based long-term incentive plans	**0.4**	0.4	**–**	–
At 31st December	**1,353.7**	1,353.3	**75.2**	75.2

26. Share-based Long-term Incentive Plans

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

An LTIP was adopted by the Company on 5th March 2015. During 2023, conditional awards of 5,661,613 shares *(2022: 5,182,398 shares)* were awarded under the LTIP. The fair value of the share awards granted during the year was US$16.3 million *(2022: US$16.9 million)*. The inputs into the discounted cash flow valuation model were share prices which ranged from US$2.32 to US$2.97 *(2022: US$2.96)* per share at the grant date, dividend yield which ranged from 0.98% to 2.05% *(2022: 3.25%)* and annual risk-free interest rates which ranged from 3.95% to 5.49% *(2022: 1.66% to 2.46%)*.

In 2022, there were also conditional awards amounted to US$2.5 million awarded.

Under these awards, shares are granted to selected executives to align their long-term rewards with shareholders' interest. Conditions, if any, are at the discretion of the Directors.

Prior to the adoption of the LTIP, The Dairy Farm International Share Option Plan 2005 provided selected executives with options to purchase ordinary shares in the Company. The exercise prices of the granted options were, in general, based on the average market prices for the five trading days immediately preceding the dates of grant of the options. Options are normally vested over a period of up to three years and are exercisable for up to ten years following the date of grant. No options were granted in 2023 and 2022.

Share options and share awards amounting to US$12.4 million *(2022: US$7.4 million)* were charged to profit and loss during the year.

26. Share-based Long-term Incentive Plans continued

Movements of the outstanding conditional awards during the year:

	Conditional awards in millions	
	2023	2022
At 1st January	**5.1**	0.4
Granted	**5.7**	5.4
Lapsed	**(0.7)**	(0.3)
Released	**(2.5)**	(0.4)
At 31st December	**7.6**	5.1

Outstanding conditional awards at 31st December:

	Conditional awards in millions	
Awards vesting date	**2023**	2022
2023	**–**	1.8
2024	**2.9**	1.6
2025	**3.0**	1.7
2026	**1.7**	–
Total outstanding	**7.6**	5.1

Movements of the outstanding conditional awards in dollars during the year:

	Conditional awards in dollars	
	2023	2022
	US$m	US$m
At 1st January	**2.0**	–
Granted	**–**	2.5
Released	**(0.5)**	(0.5)
At 31st December	**1.5**	2.0

Outstanding conditional awards in dollars at 31st December:

	Conditional awards in dollars	
	2023	2022
Awards vesting date	**US$m**	US$m
2023	**–**	0.5
2024	**0.5**	0.5
2025	**0.5**	0.5
2026	**0.5**	0.5
Total outstanding	**1.5**	2.0

26. Share-based Long-term Incentive Plans continued

Movements of the outstanding options during the year:

	2023		2022	
	Weighted average exercise price US$	Options in millions	Weighted average exercise price US$	Options in millions
At 1st January	**8.3925**	**1.1**	8.4746	1.3
Lapsed	**12.1580**	**(0.2)**	8.9060	(0.2)
At 31st December	**7.5065**	**0.9**	8.3925	1.1

The average share price during the year was US$2.73 *(2022: US$2.70)* per share.

Outstanding options at 31st December:

	Exercise price	Options in millions	
Expiry date	US$	2023	2022
2023	12.1580	**–**	0.2
2026	5.9320	**0.4**	0.4
2027	8.9060	**0.5**	0.5
Total outstanding		**0.9**	1.1
of which exercisable		**0.9**	1.1

27. Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2023			
At 1st January	37.6	30.0	**67.6**
Share-based long-term incentive plans			
– value of employee services	–	12.4	**12.4**
Transfer	2.0	(9.2)	**(7.2)**
At 31st December	**39.6**	**33.2**	**72.8**
2022			
At 1st January	35.6	24.6	60.2
Share-based long-term incentive plans			
– value of employee services	–	8.1	8.1
– share awards lapsed	–	(0.7)	(0.7)
Transfer	2.0	(2.0)	–
At 31st December	37.6	30.0	67.6

Capital reserves comprise contributed surplus of US$20.1 million *(2022: US$20.1 million)* and other reserves of US$13.1 million *(2022: US$9.9 million)*, which represent the value of employee services under the Company's share-based long-term incentive plans. The contributed surplus principally arose from the conversion of convertible preference shares in 1989 and, under the Bye-laws of the Company, is distributable.

28. Dividends

	2023 US$m	2022 US$m
Final dividend in respect of 2022 of US¢2.00 *(2021: US¢6.50)* per share	**27.1**	87.9
Interim dividend in respect of 2023 of US¢3.00 *(2022: US¢1.00)* per share	**40.6**	13.5
	67.7	101.4
Dividends on shares held by a subsidiary of the Group under a share-based long-term incentive plan	**(0.4)**	(0.5)
	67.3	100.9

A final dividend in respect of 2023 of US¢5.00 *(2022: US¢2.00)* per share amounting to a total of US$67.7 million *(2022: US$27.1 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2024 Annual General Meeting. This amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2024.

29. Geographical Analysis of Non-current Assets

Set out below is an analysis of the Group's non-current assets, excluding financial instruments, non-current debtors, deferred tax assets and pension assets, by geographical area at 31st December:

	2023 US$m	2022 US$m
North Asia	**3,501.4**	3,543.2
South East Asia	**2,074.5**	2,162.9
	5,575.9	5,706.1

The geographical areas consist of North Asia and South East Asia. North Asia comprises Hong Kong, the Chinese mainland, Macau and Taiwan. South East Asia comprises Singapore, Cambodia, the Philippines, Thailand, Malaysia, Indonesia, Vietnam, Brunei and Laos.

30. Notes to Consolidated Cash Flow Statement

	2023 US$m	2022 US$m
(a) Depreciation and amortisation		
Analysis by reportable segment:		
Food	**320.3**	345.4
Convenience	**247.0**	249.3
Health and Beauty	**150.5**	152.8
Home Furnishings	**89.7**	92.8
Selling, general and administrative expenses	**19.7**	20.7
	827.2	861.0
(b) Other non-cash items		
By nature:		
Loss on disposal of subsidiaries	**49.1**	–
Profit on sale of properties	**(64.3)**	(31.1)
Loss on disposals of other tangible and intangible assets	**6.8**	3.0
Change in fair value of an investment property	**0.6**	–
Change in fair value of equity and debt investments	**15.0**	(0.2)
Impairment of tangible and intangible assets	**118.8**	6.0
Impairment of right-of-use assets	**0.6**	0.9
Write down of stocks	**6.1**	7.4
Reversal of write down of stocks	**(4.7)**	(2.4)
Change in provisions	**4.2**	0.7
Gain on lease modification and termination	**(0.3)**	(5.0)
Gain on partial disposal of a joint venture	**–**	(6.9)
Gain on acquisition of an associate	**–**	(11.2)
Share-based payment	**12.4**	7.4
Impairment of trade and other debtors	**3.7**	1.8
Fair value loss on fair value hedges	**0.1**	0.4
Rent concessions received	**–**	(15.4)
Notional interest expense on other loans	**–**	0.5
Amortisation of government grant on other loans	**–**	(0.5)
Realisation of exchange translation difference	**–**	4.2
	148.1	(40.4)

30. Notes to Consolidated Cash Flow Statement *continued*

	2023 US$m	2022 US$m
(c) Decrease/(increase) in working capital		
Decrease/(increase) in stocks	**47.5**	(115.8)
Increase in debtors	**(24.8)**	(7.4)
Increase in creditors	**22.7**	116.5
	45.4	(6.7)

(d) Purchase of subsidiaries

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

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

The fair values of the identifiable assets and liabilities were provisional at the acquisition date and finalised during the year with no change to the provisional values.

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

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

(e) Purchase of associates and joint ventures in 2023 related to the Group's capital injections of US$8.3 million in its digital joint venture, US$5.1 million in its associate in Singapore, US$2.2 million in its health and beauty joint venture in Thailand and US$2.8 million in the business in Vietnam.

Purchase in 2022 related to the capital injection of US$8.3 million in the Group's digital joint venture.

(f) Purchase of other investments in 2022 related to the Group's subscription of a five-year convertible bond of Pickupp for a principal of US$10.0 million *(note 15)*.

30. Notes to Consolidated Cash Flow Statement continued

(g) Sale of subsidiaries

	2023 US$m
Non-current assets	**102.2**
Current assets	**174.2**
Current liabilities	**(177.9)**
Non-current liabilities	**(120.8)**
Non-controlling interests	**10.2**
Net liabilities disposed of	**(12.1)**
Cumulative exchange translation losses	**48.7**
Loss on disposals	**(49.1)**
Total consideration	**(12.5)**
Non-cash items:	
– consideration settled	**41.8**
– consideration receivable	**(1.1)**
– transaction costs settled	**2.2**
– transaction costs payable	**4.4**
	47.3
Cash and cash equivalents of the subsidiaries disposed of	**(58.6)**
Net cash outflows	**(23.8)**
Total consideration of the transaction is further analysed as follows:	
Net sale proceeds	**59.6**
Consideration paid and settled	**(49.2)**
Consideration receivable	**1.1**
Transaction costs paid and settled	**(19.6)**
Transaction costs payable	**(4.4)**
	(12.5)

In February 2023, the Group entered into agreements to dispose of interests in subsidiaries operating the Malaysia Grocery Retail business, and the associated properties, to a third party. The disposals of the Group's interests in the related subsidiaries, GCH, Jutaria and Jupiter Lagoon were completed during the year. Included within the consideration, an amount of US$41.8 million was due to be paid to the third party after completion to cover certain liabilities incurred by GCH. The amount was subsequently settled via an offset against a loan receivable from GCH.

The revenue and loss after tax in respect of subsidiaries disposed of during the year amounted to US$83.3 million and US$8.8 million, respectively.

The cash received from the divestment of the Malaysia Grocery Retail business was US$19.3 million, representing the cash outflows related to disposals of subsidiaries of US$23.8 million and proceeds from the disposal of associated properties of US$43.1 million *(note 30(i))*.

30. Notes to Consolidated Cash Flow Statement continued

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

(i) Sale of properties in 2023 related to disposal of properties in Singapore, Indonesia and Malaysia amounted to US$142.0 million. A property in Singapore and three properties in Indonesia were sold with proceeds of US$98.9 million, and a gain on disposal amounted to US$61.0 million *(note 9)* was recognised. Four properties in Malaysia were sold through the divestment of Malaysia Grocery Retail business with proceeds of US$43.1 million *(note 30(g))*, and a gain of US$3.3 million *(note 9)* was recognised.

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

(j) Purchase of shares for a share-based long-term incentive plan in 2023 related to the purchase of 3,976,300 ordinary shares from the stock market by a subsidiary of the Group for a total consideration of US$9.7 million.

Purchase of shares in 2022 related to the purchase of 7,912,100 ordinary shares from the stock market by a subsidiary of the Group for a total consideration of US$20.0 million.

(k) Cash outflows for leases

	2023 US$m	2022 US$m
Cash outflows for lease rentals paid are included in		
– operating activities	**(215.0)**	(167.4)
– investing activities	**–**	–
– financing activities	**(624.7)**	(660.6)
	(839.7)	(828.0)

(l) Analysis of balances of cash and cash equivalents

	2023 US$m	2022 US$m
Cash and bank balances *(note 19)*	**303.4**	230.7
Bank overdrafts *(note 22)*	**(8.1)**	(17.0)
Cash and bank balances included in assets held for sale *(note 20)*	**2.9**	–
Cash and cash equivalents	**298.2**	213.7

31. Derivative Financial Instruments

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

	2023		2022	
	Positive fair value US$m	**Negative fair value US$m**	Positive fair value US$m	Negative fair value US$m
Designated as cash flow hedges				
– forward foreign exchange contracts	**1.8**	**0.9**	11.8	0.3
– interest rate swaps	**12.4**	**–**	28.8	–
	14.2	**0.9**	40.6	0.3
Designated as fair value hedges				
– forward foreign exchange contracts	**–**	**0.1**	0.3	0.7
	–	**0.1**	0.3	0.7

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2023 were US$493.6 million *(2022: US$588.8 million)*.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts at 31st December 2023 were US$389.2 million *(2022: US$489.6 million)* and the fixed interest rates relating to interest rate swaps varied from 0.66% to 0.67% *(2022: 0.39% to 0.67%)* per annum.

The fair values of interest rate swaps at 31st December 2023 were based on the estimated cash flows discounted at market rates of 5.4% *(2022: 4.7% to 5.1%)* per annum.

32. Commitments

	2023 US$m	2022 US$m
Capital commitments		
Authorised not contracted	**67.0**	116.9
Contracted not provided		
– joint venture	**–**	2.8
– other	**5.3**	11.4
	72.3	131.1

Operating lease commitments for short-term and low-value asset leases which were due within one year amounted to US$2.1 million at 31st December 2023 *(2022: US$5.6 million)*.

Total future sublease payments receivable amounted to US$3.0 million at 31st December 2023 *(2022: US$19.5 million)*.

33. Contingent Liabilities

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

34. Related Party Transactions

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

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

The Group pays management fees to Jardine Matheson Limited ('JML'), a wholly-owned subsidiary of JMH, under the terms of a Management Services Agreement, for certain management consultancy services provided by JML. The management fees paid by the Group to JML in 2023 were US$0.2 million *(2022: US$0.3 million)*. The Group also paid directors' fees of US$0.3 million *(2022: US$0.3 million)* in 2023 to JML.

The Group rents properties from Hongkong Land ('HKL') and Mandarin Oriental Hotel Group ('MOHG'), subsidiaries of JMH. The lease payments paid by the Group to HKL and MOHG in 2023 were US$3.4 million *(2022: US$2.8 million)* and US$0.6 million *(2022: US$0.7 million)*, respectively. The Group's 50%-owned associate, Maxim's, also paid lease payments of US$10.6 million *(2022: US$8.3 million)* to HKL in 2023.

The Group obtains repairs and maintenance services from Jardine Engineering Corporation ('JEC'), a subsidiary of JMH. The total fees paid by the Group to JEC in 2023 amounted to US$2.4 million *(2022: US$3.5 million)*.

34. Related Party Transactions continued

Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. In 2023, these amounted to US$47.3 million *(2022: US$41.9 million)*.

The Group's digital joint venture, RTA group, implements point-of-sale system and provides consultancy services to the Group. The total fees paid by the Group to RTA group in 2023 amounted to US$16.9 million *(2022: US$13.1 million)*.

The Group's associate, Minden, supports the Group's customer loyalty programme in Singapore. The total fees paid by the Group to Minden in 2023 amounted to US$4.7 million *(2022: $0.6 million)*.

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

Balances with group companies of JMH at 31st December 2023 and 2022 are immaterial, unsecured, and have no fixed terms of repayment.

Details of Directors' remuneration (being key management personnel compensation) are shown on page 197 under the heading of 'Remuneration Outcomes in 2023'.

35. Summarised Balance Sheet of the Company

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

	2023 **US$m**	2022 US$m
Subsidiaries, at cost	**92.4**	92.4
Current assets*	**503.0**	527.0
Current liabilities*	**(54.2)**	(13.8)
Net operating assets	**541.2**	605.6
Share capital *(note 25)*	**75.2**	75.2
Share premium and capital reserves *(note 27)*	**72.8**	67.6
Revenue and other reserves	**393.2**	462.8
Shareholders' funds	**541.2**	605.6

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

36. Principal Subsidiaries

The Group's principal subsidiaries at 31st December 2023 are set out below:

Company name	Place of incorporation	Nature of business	Attributable interests 2023 %	Attributable interests 2022 %	Proportion of ordinary shares and voting powers at 31st December 2023 held by the Group %	Proportion of ordinary shares and voting powers at 31st December 2023 held by non-controlling interests %
DFI Retail Group Management Limited*	Bermuda	Holding	**100**	100	**100**	**–**
DFI Retail Group Management Services Limited*	Bermuda	Group management	**100**	100	**100**	**–**
DFI (China) Commercial Investment Holding Company Limited	Chinese mainland	Investment holding	**100**	100	**100**	**–**
Guangdong Sai Yi Convenience Stores Limited	Chinese mainland	Convenience	**65**	65	**65**	**35**
Mannings Guangdong Retail Company Limited	Chinese mainland	Health and beauty	**100**	100	**100**	**–**
DFI Retail Group Treasury Limited	Hong Kong	Group treasury	**100**	100	**100**	**–**
The Dairy Farm Company, Limited	Hong Kong	Investment holding, food, convenience, health and beauty and home furnishings	**100**	100	**100**	**–**
Wellcome Company Limited	Hong Kong	Property and food processing	**100**	100	**100**	**–**
DFI Development (HK) Limited	Hong Kong	Customer loyalty programme	**100**	100	**100**	**–**
San Miu Supermarket Limited	Macau	Food	**100**	100	**100**	**–**
DFI Home Furnishings Taiwan Limited	Taiwan	Home furnishings	**100**	100	**100**	**–**
Guardian Health And Beauty Sdn. Bhd.	Malaysia	Health and beauty	**100**	100	**100**	**–**
PT Hero Supermarket Tbk	Indonesia	Investment holding, food and health and beauty	**89**	89	**89**	**11**
PT Rumah Mebel Nusantara	Indonesia	Home furnishings	**89**	89	**89**	**11**
Guardian Health And Beauty (B) Sdn. Bhd.	Brunei	Health and beauty	**100**	100	**100**	**–**
Cold Storage Singapore (1983) Pte Limited	Singapore	Food, convenience and health and beauty	**100**	100	**100**	**–**
DFI Lucky Private Limited	Cambodia	Food and health and beauty	**70**	70	**70**	**30**

All subsidiaries are included in the consolidation.

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

* Directly held by the Company.

37. Material Accounting Policies

Basis of consolidation

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

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

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

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

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

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

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

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

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

37. Material Accounting Policies continued

Foreign currencies

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

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

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

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

Impairment of non-financial assets

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

Intangible assets

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

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

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

37. Material Accounting Policies continued

Tangible assets and depreciation

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

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

Freehold buildings	25 to 40 years
Buildings on leasehold land	Shorter of the lease term or useful life
Leasehold improvements	Shorter of unexpired lease term or useful life
Plant and machinery	5 to 10 years
Furniture, equipment and motor vehicles	3 to 10 years

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

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

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

Leases

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

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

37. Material Accounting Policies continued

Leases continued

(i) As a lessee

The Group enters into property leases for use as retail stores, distribution centres and offices. The Group recognises right-of-use assets and lease liabilities at the lease commencement dates, that is the dates the underlying assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes amounts of the initial measurement of lease liabilities recognised, lease payments made at or before the commencement dates less any lease incentives received, initial direct costs incurred and restoration costs. In the case where right-of-use assets arise from a sale and leaseback transaction, the Group measures the related right-of-use assets at the proportion of the previous carrying amount of the assets that relate to the right of use retained by the Group and recognises the amount of gain or loss that relates to the right transferred to the buyer-lessor in the profit and loss. Right-of-use assets are depreciated using the straight-line method over the shorter of their estimated useful lives and the lease terms.

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

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

Lease liabilities are measured at the present value of lease payments to be made over the lease terms. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option which is reasonably certain to be exercised and payments of penalties for terminating a lease, if the lease term reflects the Group exercising that option. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period on which the event or condition that triggers the payment occurs.

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

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

37. Material Accounting Policies continued

Leases continued

(i) As a lessee continued

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

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

(ii) As a lessor

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

Investment properties

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

Investments

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

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

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

Stocks

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

Debtors

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

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

37. Material Accounting Policies continued

Cash and cash equivalents

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

Provisions

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

Borrowings and borrowing costs

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

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

Current and deferred tax

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

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

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

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

Employee benefits

(i) Pension obligations

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

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

37. Material Accounting Policies continued

Employee benefits continued

(i) Pension obligations continued
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the year in which they occur.

Past service costs are recognised immediately in profit and loss.

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

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

Assets held for sale

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

Derivative financial instruments

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

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

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

37. Material Accounting Policies continued

Derivative financial instruments continued

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

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

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

Offsetting financial instruments

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

Non-trading items

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

Earnings per share

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

37. Material Accounting Policies continued

Dividends

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

Revenue recognition

(i) Sales of goods

Sales consist of the fair value of goods sold to customers, net of returns, discounts and sales related taxes. Sales of goods is recognised when the control of the asset is transferred to customers which is at the point of sale or when the delivery of the goods is made to the customers, and is recorded at the net amount received from customers.

(ii) Revenue from other sources

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

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

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

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

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

Rental income from investment properties is accounted for as earned.

Plastic bags income represents a levy charged on plastic bags is recognised at the point of sale.

Buying income

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

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

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

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

38. Standards and Amendments Issued But Not Yet Effective

A number of amendments effective for accounting periods beginning after 2023 have been published and will be adopted by the Group from their respective effective dates. The Group is currently assessing the potential impact of these amendments but expects the adoption will not have a significant impact on the Group's consolidated financial statements.

39. Financial Risk Management

Financial risk factors

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

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

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

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

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

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

39. Financial Risk Management continued

Financial risk factors continued

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

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

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

The ineffectiveness during 2023 and 2022 in relation to interest rate swaps were not material.

(i) Market risk

Foreign exchange risk

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

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

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. There are no significant monetary balances held by Group companies at 31st December 2023 that are denominated in a non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing assets and liabilities. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments including interest rate swaps. The Group monitors interest rate exposure on a regular basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its long-term non-working capital gross borrowings in fixed rate instruments. At 31st December 2023, the Group's fixed rate borrowings were 42% *(2022: 45%)* on the total borrowings, with an average tenor of 0.1 year *(2022: 0.2 year)*. The interest rate profile of the Group's borrowings after taking into account hedging transactions is set out in note 22.

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

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

39. Financial Risk Management continued

Financial risk factors continued

(i) Market risk continued

Interest rate risk continued

At 31st December 2023, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been US$3.9 million lower/higher *(2022: loss after tax would have been US$4.4 million higher/lower)*, and hedging reserves would have been US$2.6 million *(2022: US$6.0 million)* higher/lower, as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the Singaporean, Hong Kong and Indonesian rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in the fair value of the hedged items caused by interest rate movements balance out in the profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

(ii) Credit risk

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

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

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

The Group's debt investments are monitored for credit deterioration. The maximum exposure to credit risk is represented by the carrying amount of the Group's debt investments in the balance sheet after deducting any fair value loss.

(iii) Liquidity risk

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

39. Financial Risk Management continued

Financial risk factors continued

(iii) Liquidity risk continued

At 31st December 2023, total available borrowing facilities amounted to US$2,483.4 million *(2022: US$3,051.2 million)*, of which US$1,487.0 million *(2022: US$1,927.0 million)* were committed facilities. A total of US$924.1 million *(2022: US$1,096.2 million)* from both committed and uncommitted facilities was drawn down. Undrawn committed facilities, in the form of revolving credit facilities, totalled US$1,066.5 million *(2022: US$1,403.1 million)*.

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

	Within one year US$m	Between one and two years US$m	Between two and three years US$m	Between three and four years US$m	Between four and five years US$m	Beyond five years US$m	Total undiscounted cash flows US$m
At 31st December 2023							
Creditors	1,887.8	1.4	0.6	0.7	0.4	0.2	**1,891.1**
Borrowings	785.9	34.6	129.4	0.3	–	–	**950.2**
Lease liabilities	667.7	537.5	416.1	328.5	286.8	1,051.3	**3,287.9**
Net-settled derivative financial instruments	–	–	–	–	–	–	**–**
Gross-settled derivative financial instruments							
– inflow	351.2	–	–	–	–	–	**351.2**
– outflow	350.0	–	–	–	–	–	**350.0**
At 31st December 2022							
Creditors	1,937.1	1.4	1.2	0.7	0.1	4.3	1,944.8
Borrowings	854.1	261.6	0.9	0.7	0.3	–	1,117.6
Lease liabilities	667.5	522.2	401.5	311.1	240.0	1,160.5	3,302.8
Net-settled derivative financial instruments	–	–	–	–	–	–	–
Gross-settled derivative financial instruments							
– inflow	421.7	–	–	–	–	–	421.7
– outflow	421.9	–	–	–	–	–	421.9

39. Financial Risk Management continued

Capital management

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

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

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

The ratios at 31st December 2023 and 2022 are as follows:

	2023	2022
Gearing ratio (%)	**63**	92
Interest cover (times)	**6**	3

Fair value estimation

(i) Financial instruments that are measured at fair value

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

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

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

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

39. Financial Risk Management continued

Fair value estimation continued

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

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

There were no changes in valuation techniques during the year.

The table below analyses financial instruments carried at fair value, by the levels in the fair value measurement hierarchy at 31st December 2023 and 2022:

	Observable current market transactions US$m	Unobservable inputs US$m	Total US$m
2023			
Assets			
Other investments *(note 15)*			
– equity investments	6.7	–	**6.7**
– debt investments	–	–	**–**
Derivative financial instruments at fair value *(note 31)*			
– through other comprehensive income	13.7	–	**13.7**
– through profit and loss	0.5	–	**0.5**
	20.9	**–**	**20.9**
Liabilities			
Derivative financial instruments at fair value *(note 31)*			
– through other comprehensive income	(0.8)	–	**(0.8)**
– through profit and loss	(0.2)	–	**(0.2)**
	(1.0)	**–**	**(1.0)**

39. Financial Risk Management continued

Fair value estimation continued

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

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

There were no transfers between the categories during the year ended 31st December 2023 and 2022.

Movements of unlisted equity and debt investments which are valued based on unobservable inputs are as follows:

	2023 US$m	2022 US$m
At 1st January	**15.0**	5.0
Additions	**–**	10.0
Change in fair value during the year recognised in profit and loss *(note 15)*	**(15.0)**	–
At 31st December	**–**	15.0

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

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

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

39. Financial Risk Management continued

Fair value estimation continued

Financial instruments by category

The carrying amounts of financial assets and financial liabilities at 31st December 2023 and 2022 are as follows:

	Fair value of hedging instruments US$m	Fair value through profit and loss US$m	Financial assets at amortised cost US$m	Other financial liabilities US$m	Total carrying amounts US$m
2023					
Financial assets measured at fair value					
Other investments					
– equity investments	–	6.7	–	–	**6.7**
– debt investments	–	–	–	–	**–**
Derivative financial instruments	14.2	–	–	–	**14.2**
	14.2	**6.7**	**–**	**–**	**20.9**
Financial assets not measured at fair value					
Debtors	–	–	280.2	–	**280.2**
Cash and bank balances	–	–	306.3	–	**306.3**
	–	**–**	**586.5**	**–**	**586.5**
Financial liabilities measured at fair value					
Derivative financial instruments	(1.0)	–	–	–	**(1.0)**
	(1.0)	**–**	**–**	**–**	**(1.0)**
Financial liabilities not measured at fair value					
Borrowings	–	–	–	(924.1)	**(924.1)**
Lease liabilities	–	–	–	(2,847.8)	**(2,847.8)**
Trade and other payables excluding non-financial liabilities	–	–	–	(1,891.1)	**(1,891.1)**
	–	**–**	**–**	**(5,663.0)**	**(5,663.0)**

39. Financial Risk Management continued

Fair value estimation continued

Financial instruments by category continued

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

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

40. Critical Accounting Estimates and Judgements

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

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

Significant areas of estimation uncertainty

Acquisition of subsidiaries, associates and joint ventures

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

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

Investment properties

The fair values of investment properties are determined by independent valuers using direct comparison and income capitalisation method. The direct comparison method is made by reference to comparable market transactions and adjusted by property-specific qualitative factors. Capitalisation rates are being used under the income capitalisation method in the fair value determination.

In forming the valuations, the independent valuers have considered relevant external factors. Consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates. These estimates are regularly compared to actual market data and transactions.

Impairment of assets

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

40. Critical Accounting Estimates and Judgements continued

Significant areas of estimation uncertainty continued

Pension obligations

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

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

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

Buying income

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

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

Significant areas of judgement

Income taxes

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

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

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

40. Critical Accounting Estimates and Judgements continued

Significant areas of judgement continued

Leases

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

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

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

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

Assets held for sale

Assets are classified as held for sale if their carrying amounts are expected to be recovered principally through a sale transaction rather than through continuing use and measured at its lower of carrying amount and fair value less costs to sale. The Group considers all relevant factors in determining how the carrying amounts of assets will be recovered and only reclassifies the assets to held for sale when the sale is highly probable. The assessment of whether an asset is classified to held for sale impacts the classification and the measurement of that asset.

Non-trading items

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

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

What we have audited

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

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

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

Our opinion

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

Basis for Opinion

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

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

Independence

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

Our Audit Approach

Overview

Materiality

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

Audit scope

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

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

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

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

Materiality

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

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

Overall group materiality	US$22.9 million
How we determined it	0.25% of total revenue of the Group
Rationale for the materiality benchmark applied	Total revenue is a primary measure used by the shareholders in assessing the performance of the Group when underlying profit before tax is close to breakeven

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

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

Key Audit Matters

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

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

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

Key Audit Matter	How our audit addressed the key audit matter

Buying income

Refer to note 37 (Material Accounting Policies) and note 40 (Critical Accounting Estimates and Judgements) to the financial statements.

The Group has arrangements with suppliers whereby volume-based, promotional, and various other incentives, rebates and discounts are earned in connection with the purchase of goods for resale from those suppliers (collectively referred to as 'buying income'). As such, the Group recognises the buying income as deductions from cost of sales.

The individual supplier arrangements in place across the Group vary in nature. The majority of buying income is driven by volume-based measures, with the remainder related to ad-hoc and promotional activities.

Buying income is material to the financial statements and given the types of buying income arrangements, as well as various performance criteria which differ by supplier, we identified buying income as a key audit matter.

The level of judgement in each category of buying income is detailed below:

Volume-based income

Volume-based income is generally driven by achieving purchase volume targets set with individual suppliers for specific products over a pre-set period of time. In instances where the agreement does not fully coincide with the period-end, the key judgement that we focussed on was the estimate of expected purchase volumes in the period covered by the agreement.

Ad hoc and promotional income

The nature of this income and the manner in which it is recognised varies depending on the nature of the agreement with the individual supplier. The income is earned as the relevant performance criteria are met.

We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining the amounts of buying income recognised.

We gained an understanding of, and evaluated, the key manual and IT controls over buying income and tested key controls on a sample basis. We performed a detailed analytical review of buying income by type and location to identify unusual trends.

In addition, on a sample basis:

- we checked supplier buying income recognised to supporting documents e.g. cash receipts or supplier contracts;
- where buying income amounts were estimated based on volume or other criteria, we checked that there was appropriate supporting evidence to determine those estimates;
- for ad-hoc and promotional income, we assessed whether the performance criteria of the items selected had been met;
- we selected amounts recognised in debtors and creditors and agreed the amounts to supporting documentation. Where buying income amounts were offset against outstanding amounts payable to suppliers we assessed whether there was a right to offset, based on the contractual terms with suppliers;
- we assessed the appropriateness of journal entries and adjustments associated with buying income by tracing them to supporting documentation; and
- we assessed supplier dispute logs to determine whether material disputes or disagreements with suppliers existed. Where significant disputes or disagreements existed, we understood the nature of these disputes through discussions with management and obtained evidence to assess whether the corresponding buying income recognised was reasonable.

Based on the procedures performed, we found the buying income recognised in the financial statements to be supportable, based on available evidence.

We assessed the adequacy of the disclosures related to buying income in the context of IFRS Accounting Standards and considered the disclosures to be appropriate.

How We Tailored Our Group Audit Scope

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

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

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

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

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

Other Information

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

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

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

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

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

Use of this report

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

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

Other Matter

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
7th March 2024

Five Year Summary

	2023 US$m	2022 US$m	2021 US$m	2020 US$m	2019 US$m
Profit and Loss					
Revenue*	**9,169.9**	9,174.2	9,188.2	10,443.4	11,385.1
Profit/(loss) attributable to shareholders	**32.2**	(114.6)	102.9	271.0	323.8
Underlying profit attributable to shareholders	**154.7**	28.8	104.6	275.7	320.9
Underlying earnings per share *(US¢)*	**11.49**	2.14	7.73	20.38	23.72
Earnings/(loss) per share *(US¢)*	**2.39**	(8.51)	7.61	20.03	23.93
Dividends per share *(US¢)*	**8.00**	3.00	9.50	16.50	21.00
Balance Sheet					
Total assets	**7,111.1**	7,326.3	7,604.8	7,900.5	8,369.9
Total liabilities	**(6,123.0)**	(6,384.9)	(6,337.6)	(6,564.6)	(7,130.4)
Net operating assets	**988.1**	941.4	1,267.2	1,335.9	1,239.5
Shareholders' funds	**980.2**	947.1	1,267.2	1,322.3	1,209.2
Non-controlling interests	**7.9**	(5.7)	–	13.6	30.3
Total equity	**988.1**	941.4	1,267.2	1,335.9	1,239.5
Net debt	**(617.8)**	(865.5)	(843.9)	(816.7)	(820.8)
Net asset value per share *(US¢)*	**72.41**	69.98	93.67	97.75	89.39
Cash Flow					
Cash flows from operating activities	**1,043.6**	939.8	942.3	1,067.2	1,288.1
Cash flows from investing activities	**(94.6)**	(201.0)	(124.7)	(86.4)	(283.0)
Cash flows before financing activities	**949.0**	738.8	817.6	980.8	1,005.1
Cash flow per share from operating activities *(US¢)*	**77.10**	69.45	69.65	78.89	95.22

* Figures in 2019 to 2021 have been restated to include revenue from other sources.

Responsibility Statements

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

a. the consolidated financial statements prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations 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; and

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

For and on behalf of the Board

Scott Price
Clem Constantine
Directors

7th March 2024

Corporate Governance

Overview of the Group's Governance Approach

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

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

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

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

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

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

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

Accordingly, the Company continues to focus on enhancing the Group's approach to corporate governance more generally, focussing on changes that benefit the Group.

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

During the year the Company underwent several changes in its governance. Scott Price was appointed as the new Group Chief Executive, succeeding Ian McLeod effective from 1st August 2023. Anthony Nightingale retired from the Board and the Audit Committee on 31st January 2024. Accordingly, from 1st February 2024, the Board comprised eight Directors of whom 38% are considered Independent Non-Executive Directors, taking into account the independence considerations under the UK Corporate Governance Code (the 'Code'), and 13% are female.

Overview of the Group's Governance Approach continued

Dave Cheesewright was appointed to the Audit Committee on 8th September 2023 and Weiwei Chen was appointed as Chair of the Audit Committee on 31st January 2024, respectively. The Company's Audit Committee now comprises a majority of Independent Non-Executive Directors.

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

Group Structure

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

Governance and Legal Framework

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

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

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

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

The Company's standard listing on the LSE means that it is bound by many, but not all, of the same rules as premium-listed companies under the UK Listing Rules, the Disclosure Guidance and Transparency Rules (the 'DTRs') issued by the Financial Conduct Authority in the United Kingdom (the 'FCA'), the UK Market Abuse Regulation (the 'MAR') and the Prospectus Regulation Rules, including in relation to continuous disclosure, periodic financial reporting, disclosure of interests in shares, market abuse and the publication and content of prospectuses in connection with admission to trading or the offering of securities to the public. In addition, the Company is subject to regulatory oversight from the FCA, as the Company's principal securities regulator, and is required to comply with the Admission and Disclosure Standards of the Main Market of the LSE. The Company and its Directors are also subject to legislation and regulations in Singapore relating, among other things, to insider dealing.

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

Governance and Legal Framework continued

The key elements of the Governance Principles are as follows:

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

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

- Further, as soon as the terms of a significant transaction or a related party transaction are agreed, 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 annual general meeting ('AGM'), the Company will seek shareholders' approval to issue new shares on a non-pre-emptive basis for up to 33% of the Company's issued share capital, of which up to 5% can be issued for cash consideration.

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

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

The Management of the Group

The Board

The Board is responsible for ensuring that the Group is appropriately managed and achieves its strategic objectives in a way that is supported by the right culture, values and behaviours throughout the Group. The Group's culture provides the foundation for the delivery of our strategy and our long-term, sustainable success while generating value for shareholders. Our workforce policies and practices are consistent with our values and support the long-term, sustainable success of the Group.

The Board is also responsible for ensuring that appropriate systems and controls are in place throughout the Group to enable efficient management and well-grounded 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 Group Company Secretary has set up processes and systems to ensure that all Directors receive information in a timely, accurate and clear manner. The Group uses a board paper distribution portal to disseminate Board and Committee papers instantly and securely.

The Board continued

The Chairman facilitates discussions at Board meetings by ensuring all Directors have an opportunity to make comments and ask questions. In addition, the Chairman, from time to time, discusses Group 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 operations;
- Approval of significant changes to Group's corporate or capital structure;
- Approval of major capital expenditure and significant transactions in terms of size or reputational impact;
- Approval of interim and annual financial statements upon recommendation from the Audit Committee, as well as interim management statements;
- Approval of the Annual Report and Accounts;
- Approval of dividend policy and the amount and form of interim and final dividend payments for approval by shareholders as required;
- 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 of capital expenditure (other than major capital expenditure which is required to be approved by the Board), has been delegated to the finance committee established within the Hong Kong-based Group management company, DFI Retail Group Management Services Limited ('DFIRGMS'), with specific written terms of reference outlining its role and authorities.

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

Board activities

1. Strategy

We have always focussed on evolving our businesses to reflect changes in the environment in which we operate and the needs of our customers, and we have invested in our digital capabilities, divested non-core businesses and exited regions, whenever it has been appropriate.

Our application of these principles over many years has led to the portfolio of businesses we have today, which has delivered steady growth in returns, through economic cycles.

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.

In 2023, the Board meetings discussed strategy on various topics relevant to the Group. The Board meetings provides Directors with the opportunity to review progress against strategic priorities, inform Directors about the latest trends relevant to our business, assist the Directors in identifying opportunities and risks and give the Directors the opportunity to contribute views and ask questions of management and share experiences for the benefit of the Group.

2. Operational performance

We operate in highly dynamic markets and need to constantly innovate and pivot our businesses 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 aim to put innovation, operational excellence and an entrepreneurial spirit at the heart of everything we do.

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

The Group attaches great importance to attracting, developing and retaining leadership talent. We strive to develop leaders with an owner mindset and who are entrepreneurial in how they develop their businesses. This has helped the Group to capitalise on new business opportunities to achieve long-term sustainable growth. We continue to enhance our performance management structures to recognise, reward and retain such talents. As the Group increasingly embraces digital ways of working and invests in new economy businesses, we are focussed on recruiting and developing digital talent across our Group. To provide the Board with oversight of talent attraction, development and retention, progress of Inclusion, Equity and Diversity ('IE&D'), and colleague engagement and movements, information on the Group's employees is provided at every Board meeting.

Building leadership capability to develop and grow diverse talent and strengthen future pipelines through tailored development programmes is a key focus for the Board. The Board is committed to creating an inclusive workplace and reflecting the diversity of the communities we serve. The Group has a clear IE&D strategy in place to ensure that colleagues treat each other in a way they would expect others to treat them.

Board activities continued

3. Financial performance and risk

We take a disciplined, long-term approach to capital allocation, to maximise financial performance, maintain our financial strength and manage risk. Over time, and in addition to be being part of the Jardine Matheson group of businesses, we have developed deep relationships with a diverse portfolio of well-capitalised, leading banks and corporate partners, which have supported and continue to support our financial strength.

The Group Chief Financial Officer presents a detailed overview of the financial performance of the business at each meeting to ensure the Board is provided with sufficient information to enable it to exercise the appropriate financial oversight and has the opportunity to challenge the management as appropriate. This includes details of the performance of each business unit and an overview of the sales, profit, cash flow, debt levels and capital expenditure.

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

The Board has overall responsibility for risk management and is actively engaged in risk discussions. 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. Maintaining and enhancing the risk and internal control environment is fundamental to the Group's governance framework and stewardship of the Company.

4. Governance and stakeholder engagement

The Group Chief Financial Officer provides Directors with regular updates on stakeholder engagements, including engagement with shareholders, governments and other relevant third parties, and relevant regulatory developments. Increasing the Directors' understanding of our stakeholders' views 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.

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 Executive provides the Board with Sustainability updates twice a year, which include the progress of the Group's Net Zero project, updates on the Group's key initiatives supporting three CSR priorities, namely Serving Communities, Sustaining the Planet and Sourcing Responsibly.

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

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

As at 7th March 2024, the Company comprises eight Directors, three of whom (38%) – Dave Cheesewright, Weiwei Chen and Christian Nothhaft – are considered Independent Non-Executive Directors, taking into account the independence considerations under the Code. There are detailed succession plans in place to ensure that plans are in place for orderly succession to the Board. The names of all the Directors and brief biographies appear on pages 81 and 82 of this Annual Report.

Ben Keswick has been Chairman of the Board since 16th May 2013. John Witt has held the role of Managing Director from 15th June 2020. Scott Price has been Group Chief Executive since 1st August 2023, to succeed Ian McLeod.

Board Composition and Operational Management continued

The Board considers that there is a clear division of responsibilities among the Chairman, the Managing Director and the Group Chief Executive in order to ensure an appropriate balance of power and authority is maintained at all times.

Age of Directors

Capacity of Directors

Nationality of Directors

Tenure of Directors

Directors' Experience

Board Composition and Operational Management continued

The Board also considered the diversity of the Group's Board and senior executives in the context of the new Listing Rules' requirements that listed companies should publish information on the gender and ethnic representation of the Board and executive management. As at 31st December 2023, being the reference date for the purposes of 14.3.33R(1)(a) of the UK Listing Rules, which requires 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 IE&D 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, chief executive or 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 IE&D considerations into account for future appointments for these roles.

The Company did not meet the targets 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 senior management which would be required to meet these requirements. The Company will continue to take IE&D considerations into account with respect to future appointments of directors and senior Board positions.

Board Composition and Operational Management continued

The table below illustrates the ethnic background and gender diversity of the Group's Board and executive management – which includes the Company Secretary – but excludes administrative or support staff pursuant to 14.3.33R(2) of the UK Listing Rules, as at 31st December 2023 which is our chosen reference date in accordance with the UK Listing Rules.

As at 31st December 2023†	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Group Chief Executive, Group Chief Financial Officer, Senior Independent Director and Chairman)	Number in executive management (DFIRGMS Board and Company Secretary)	Percentage of executive management (DFIRGMS Board and Company Secretary)
Gender diversity					
Men	8	89%	3	12	75%
Women	1	11%	–	4	25%
Not specified/prefer not to say	–	–	–	–	–
Ethnic diversity					
White British or other White (including minority-white groups)	8	89%	3	7	44%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	11%	–	9	56%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

† The numbers had been changed after the chosen reference date owing to the stepping down of Anthony Nightingale from the Board of the Company on 31st January 2024 and Y.K. Pang from the board of DFIRGMS on 31st March 2024.

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. Apart from the retirement of Anthony Nightingale from the Board of the Company on 31st January 2024 and Y.K. Pang from the board of DFIRGMS on 31st March 2024, there have been no changes in board composition since the reference date.

The Company has a Board Diversity Policy but does not have a separate Diversity Policy for the Audit Committee in place. IE&D issues are and will be taken into account where relevant to Board and Audit Committee decisions.

Chairman

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

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

Managing Director

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

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

Group Chief Executive

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

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

Non-Executive Directors

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

Board Meetings

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

In March 2023, an in-person Board meeting was held in Singapore. The May 2023 Board meeting was held virtually. In-person Board meetings were held in Shenzhen, China in July 2023 and in Shanghai, China in December 2023. The Board receives high quality, up to date information for each of its meetings, which is provided to Directors via a secure online board information portal. The Company reviews the information provided to the Board regularly, to ensure that it remains relevant to the needs of the Board in carrying out its duties.

The Company's Directors who do not serve on the board of DFIRGMS and who are based outside Asia will usually visit the region to discuss the Group's business and inspect the Group's assets and various banners.

Board Attendance

Directors are expected to attend all Board meetings. The table below shows the attendance at the scheduled 2023 Board meetings:

	Meetings eligible to attend	Attendance
Current Directors		
Non-Executive Directors		
Ben Keswick	4/4	100%
Dave Cheesewright	4/4	100%
Weiwei Chen	4/4	100%
Adam Keswick	4/4	100%
Christian Nothhaft	4/4	100%
Executive Directors		
John Witt	4/4	100%
Scott Price*	1/1	100%
Clem Constantine	4/4	100%
Former Directors		
Anthony Nightingale†	4/4	100%
Ian McLeod‡	3/3	100%

* Scott Price joined the Board as Director and was appointed as Group Chief Executive on 1st August 2023. In 2023, only one Board meeting was held after 1st August 2023.

† Anthony Nightingale retired from the Board as Director on 31st January 2024.

‡ Ian McLeod retired from the Board as Director and Group Chief Executive on 1st August 2023. In 2023, three Board meetings were held before 1st August 2023.

Appointment and Retirement of Directors

There are detailed succession plans in place to ensure that plans are in place for orderly succession to the Board. The Board is focussed on development and succession plans at both Board and executive level to strengthen the diverse 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 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.

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 delivering the programme covering the Company's core purpose and values, strategy, key areas of the business and corporate governance.

The Chairman 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 corporate stress. 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. Any Director's external appointments, which may affect existing time commitments relevant to the Board, must be agreed with the Chairman in advance.

The Board appoints each new Director, and the Nominations Committee has been established to assist the Board in such matters. In accordance with the Company's Bye-laws, each new Director is subject to retirement and re-election at the first AGM after the appointment. After that, Directors are subject to retirement by rotation requirements under the Bye-laws, whereby one-third of the Directors retire at the AGM each year. These provisions apply to both Executive and Non-Executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Managing Director of the Company. The Company has determined that it is appropriate for the Chairman and the Managing Director to be exempted from the retirement by rotation requirements because an important part of the Group's strong governance is corporate stability, and this is provided by the long-term stewardship of the business by family as well as related and like-minded shareholders, who hold a significant proportion of the shares of the Company. John Witt, being the Managing Director, has a service contract with the Company that has a notice period of six months.

On 1st August 2023, Ian McLeod stepped down as a Director and Group Chief Executive of the Company, and Scott Price joined the Board in his place. On 31st January 2024, Anthony Nightingale stepped down from the Board.

In accordance with Bye-law 85, Dave Cheesewright will retire by rotation at the forthcoming AGM and, being eligible, offer himself for re-election. In accordance with Bye-law 92, Scott Price will also retire and, being eligible, offer himself for re-election. Scott Price has a service contract with a subsidiary of the Company with a notice period of six months. Dave Cheesewright does not have a service contract with the Company or its subsidiaries.

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

Board and Audit Committee Training

During the year, certain Board members and the Audit Committee members received trainings in Gen AI and cybersecurity, respectively.

Company Secretary

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

Committees

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

Nominations Committee

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

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

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

Insurance and Indemnification

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

Delegations of Authority

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

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

The Group's delegation of authority establishes a clear pathway for decision-making. This ensures that judgements are made at the correct business level by the team members most equipped to do so. Every decision made aligns with our culture and values, taking into account the advantages, risks, financial consequences, and effects on all stakeholders. The Board, bolstered by the Audit Committee, places significant emphasis on maintaining high governance standards throughout the Group. This reinforcement 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 the International Financial Reporting Standards ('IFRS'), the financial position of the Group at the end of the year, and the results of its operations and its cash flows for the year then ended. The Directors consider that applicable accounting policies under IFRS, applied consistently and supported by prudent and reasonable judgements and estimates, have been followed in preparing the financial statements. The financial statements have been prepared on a going concern basis.

Substantial Shareholders

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

The Company has been informed of the holding of voting rights of 5% or more attaching to the Company's issued ordinary share capital by Jardine Strategic Limited ('Jardine Strategic'), which is directly interested in 1,049,589,171 ordinary shares carrying 77.54% of the voting rights. By virtue of its interest in Jardine Strategic, Jardine Matheson is also interested in the same ordinary shares. Apart from this shareholding, the Company is not aware of any holders of voting rights of 5% or more attaching to the Company's issued ordinary share capital as of 7th March 2024.

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

Related Party Transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in note 34 to the financial statements on pages 142 and 143.

Engagement with Shareholders, Other Stakeholders and Colleagues

Engaging with our stakeholders, including our employees, investors, creditors, partners and government, enables us to understand their perspectives and ensure we address their expectations and improve accordingly.

The Group regularly engages with its shareholders. For the full year 2023, the Group have held two results briefings and 22 analyst and institutional shareholder meetings to provide an opportunity for questions to be asked of senior management, discuss concerns and hear feedback where improvements could be made.

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

Securities Purchase Arrangements

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

Workforce Engagement

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

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

The Group also conducts an annual Your Voice Counts survey. In 2023, 93% of total number of colleagues took part in the survey sharing feedback. Follow-up actions include listening sessions ensuring engagement strategies are focussed and effective.

Annual General Meeting

The 2024 AGM will be held on 8th May 2024. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of AGM, despatched at the same time with this Annual Report and can be found at www.DFIretailgroup.com/investor-relations/investors/regulatory.

Corporate Website

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

Group Policies

Code of Conduct

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

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

Data Privacy

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

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

Speak-Up Policy

The Group has a Speak-Up policy covering how individuals can report matters of serious concern on a named or anonymous basis. The Audit Committee is responsible for overseeing the effectiveness of the formal procedures to raise such matters and is required to review any reports made under those procedures referred to by the internal audit function. In addition, the Group has a speak-up service managed by an independent third-party service provider to supplement existing channels in the business units to assist in reporting of suspected illegal or unethical behaviour and is intended to help foster an inclusive, safe and caring workplace. The service, which is available 24 hours in multiple local languages, and is accessible through phone hotline or online. Reports may be lodged by one of three channels: email, website and telephone hotline. Each report is allocated a unique case number which enables follow-up with the reporter, 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 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.

Inclusion, Equity and Diversity

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

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

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

To build an inclusive workplace, we incorporate IE&D principles by modelling the Jardine Matheson group's IE&D Policy. This includes:

- Ongoing collaboration with Jardine Matheson group to ensure a set of inclusive working arrangements and policies to support IE&D.
- Keeping our recruitment, promotion and retention systems fair and based on aptitude, merit and ability, including ongoing reviews of remuneration to ensure appropriateness of pay levels.
- Active talent management and career support for our talent pools to provide equitable opportunities that will enable a diverse future pipeline of leaders.
- Cultivating the right set of leadership behaviours through learning campaigns to ensure our people behave in a way consistent with the principles we have put in place.

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

Remuneration Report

Message from the Board/Remuneration Committee

The Board is pleased to present shareholders with the 2023 Remuneration Report. This report sets out the Group's approach to remuneration for its executives and Directors, particularly the link between the Group's values, strategy and its remuneration framework, and the link between performance and reward, in determining remuneration outcomes for senior executives.

The Group's Remuneration philosophy and framework for rewarding staff

The remuneration outcomes in 2023 reflect the intended operation of the remuneration framework.

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

It does this through:

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

The Company's policy is to offer competitive remuneration packages to its senior executives. The Company relies on a reward framework that provides varying levels of remuneration and benefits depending on employee level. It is recognised that, given the nature of the Group and its diverse geographic base, a number of its senior executives are required to be offered international terms, and the nature of the remuneration packages is designed to reflect this.

This structure of remuneration varies from senior executives to more junior level employees, but the link of remuneration to strategic goals is consistent throughout all levels of the organisation. The nature of goals used for remuneration does varies depending on employee level, but the Company ensures goals are relevant and measurable while aligned with company values and strategic priorities. Executive Directors joining from outside the Group may be offered an initial fixed-term service contract to reflect any requirement to relocate.

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

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

Directors' Remuneration

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

The remuneration of the Company's Non-Executive Directors is not linked to performance. This is consistent with Non-Executive Directors being responsible for objective and independent oversight of the Group. The total amount provided to all Directors (including the Managing Director but exclusive of salaried Executive Directors of the Company who are not entitled to such fees) must not exceed the sum agreed by shareholders at a general meeting. The maximum aggregate remuneration of US$1.0 million per annum was approved by shareholders at the 2022 AGM and would be subject to review at the 2025 AGM. Executive Directors (excluding the Managing Director, who is also the Jardine Matheson Managing Director) are paid a basic fixed salary as well as discretionary annual incentive bonuses and receive certain employee benefits from the Group. Non-Executive Directors do not receive bonuses or any other incentive payments or retirement benefits. The Non-Executive Directors are reimbursed for expenses properly incurred in performing their duties as a Director of the Company. The schedule of fees paid to Directors in respect of 2023 is set out in the table below. Fees are annual fees, unless otherwise stated:

US$ (per annum)	
Chairman/Managing Director fee:	110,000
Base Director fee:	100,000
Audit Committee fee (Chair):	45,000
Audit Committee fee (member):	35,000
Nominations Committee fee:	15,000

Director	Director Fee US$	Audit Committee Fee US$	Nominations Committee Fee US$	Total Fees US$
1 Ben Keswick (Chairman)	110,000	–	15,000	125,000*
2 John Witt (Managing Director)	110,000	–	15,000	125,000*
3 Ian McLeod†	–	–	–	–
4 Scott Price‡	–	–	–	–
5 Clem Constantine	–	–	–	–
6 Dave Cheesewright	100,000	17,500	–	117,500
7 Weiwei Chen	100,000	35,000	–	135,000
8 Adam Keswick	100,000	–	15,000	115,000*
9 Anthony Nightingale^	100,000	45,000	–	145,000
10 Christian Nothhaft	100,000	–	–	100,000
TOTAL	**720,000**	**97,500**	**45,000**	**862,500**

* Fees surrendered to Jardine Matheson.

† Ian McLeod retired from the Board on 1st August 2023.

‡ Scott Price joined the Board on 1st August 2023.

^ Anthony Nightingale retired from the Board and Audit Committee on 31st January 2024.

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

Remuneration Committee

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

The Board had established a Remuneration Committee (the 'Remuneration Committee') at the Company level in November 2021. The 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 compensation of the Group Chief Executive and leadership team of the business;
- Review the terms of and design of performance-related incentives (both short- and long-term), including the review and approval of any changes to plan design, targets and metrics;
- Review and approve the overall compensation costs, including salary and bonus budgets, of the business; and
- Remain abreast of trends and developments in executive compensation and corporate governance related to the Group's industry and countries of operation.

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

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

How Remuneration framework is linked to the business strategy

The Group's remuneration strategy is designed to support and reinforce its business and sustainability strategies, both short- and long-term.

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

Remuneration Outcomes in 2023

For the year ended 31st December 2023, the Directors received from the Group US$19.3 million *(2022: US$8.2 million)* in Directors' fees and employee benefits, being:

- US$0.9 million *(2022: US$0.8 million)* in Directors' fees; and
- US$17.3 million *(2022: US$6.7 million)* in short-term employee benefits, including salary, bonuses, accommodation and deemed benefits in kind;
- US$0.1 million *(2022: US$0.1 million)* in post-employment benefits; and
- US$1.0 million *(2022: US$0.6 million)* in share-based payments.

These amounts in 2023 included partial and final payments relating to long-term incentive plans, including those paid to the former Group Chief Executive.

The information set out in the section above headed 'Remuneration Outcomes in 2023' forms part of the audited financial statements.

Share Schemes

Share-based long-term incentive plans have also been established to provide incentives for Executive Directors and senior managers. The scheme trustee grants share options after consultation between the Chairman and the Group Chief Executive and other Directors as they consider appropriate. Share options are not granted to Non-Executive Directors.

Directors' Share Interests

The Director of the Company in office on 7th March 2024 had interests* as set out below in the Company's ordinary share capital. These interests include those notified to the Company regarding the Directors' closely associated persons*.

Clem Constantine	181,560

* Within the meaning of MAR

In addition, Scott Price and Clem Constantine held deferred share awards regarding 531,915 and 400,312 ordinary shares, respectively, issued pursuant to the Company's share-based long-term incentive plans.

Audit Committee Report

Audit Committee

The Board had established an Audit Committee (the 'Audit Committee') at the Company level in November 2021. The Audit Committee consists of a minimum of three members, the current members of which are:

- Weiwei Chen (Chair of the Audit Committee and Independent Non-Executive Director);
- Graham Baker (Financial Expert); and
- Dave Cheesewright (Independent Non-Executive Director).

None of them is directly involved in operational management. On 8th September 2023, Dave Cheesewright was appointed as a member of the Audit Committee of the Company. On 31st January 2024, Weiwei Chen, a member of the Audit Committee, was appointed as Chair of the Audit Committee, in place of Anthony Nightingale who resigned as Chairman of the Audit Committee on the same date. Accordingly, from 31st January 2024, the Company considers that the Audit Committee has a majority of independent members. Weiwei Chen and Graham Baker are the members of the Audit Committee with recent financial experience and expertise. Graham Baker also has 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. In addition, other individuals may attend part of a meeting for specific agenda items as appropriate. The Audit Committee meets twice a year and reports to the Board after each meeting.

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

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

Before completion and announcement of the half-year and year-end results, a review 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, is undertaken by the Audit Committee with the executive management and a report is received from the external auditors. The external auditors also have access to the entire Board when necessary, in addition to the Group Chief Executive, Group Chief Financial Officer and other senior executives.

The matters considered by the Audit Committee during 2023 included:

- Reviewing the 2022 annual financial statements and 2023 half-year financial statements, with particular focus on asset impairment assessments, including assumptions that underpinned key valuation models, buying income and effectiveness of financial controls;
- Reviewing the actions and judgements of management in relation to changes in accounting policies and practices to ensure clarity of disclosures and compliance with new accounting standards;
- Receiving reports from internal audit on the status of the control and compliance environment of the Group and its business divisions, and progress made in resolving matters identified in the reports;
- Reviewing the principal risks, evolving trends and emerging risks that affect the Group, and monitoring changes to the risk profile, as well as the effectiveness of risk management measures and crisis management arrangements;
- Receiving updates on the cybersecurity threat landscape and the Group's cybersecurity environment, risk management approach, training, priorities and control effectiveness;
- Receiving reports from risk management and legal functions on key legal matters and compliance and code of conduct issues, and the actions taken in addressing those issues and strengthening controls;
- Reviewing the annual internal audit plan and status updates;
- Reviewing the Group's governance approach to cybersecurity management, data security and privacy management across its businesses;
- Reviewing the biennial assessment of the effectiveness of PwC;
- Reviewing the independence, audit scope and fees of PwC, and recommending their re-appointment as the external auditor at general meeting;
- Conducting a review of the terms of reference of the Audit Committee;
- Recommending the change of auditor from PwC LLP to PwC Hong Kong to the Board for approval; and
- Approving the adoption of Non-Assurance Services Concurrence Policy, which establishes procedures and delegations by which the Audit Committee intends to fulfil its responsibilities for the engagement of the independent auditor to perform non-assurance services to comply with the revised Code of Ethics issued by the International Ethics Standards Board for Accountants.

Audit Committee Attendance

The table below shows the attendance at the scheduled 2023 Audit Committee meetings:

Members of the Audit Committee	Meetings eligible to attend	Attendance
Current Member of the Audit Committee		
Weiwei Chen (Chair)†	2/2	100%
Dave Cheesewright‡	–/–	N/A
Director of DFIRGMS		
Graham Baker	2/2	100%
Former Member of the Audit Committee		
Anthony Nightingale (Former Chairman)^	2/2	100%

† Weiwei Chen was appointed as Chair of Audit Committee on 31st January 2024.

‡ Dave Cheesewright was appointed to the Audit Committee on 8th September 2023. In 2023, no Audit Committee meeting was held after 8th September 2023.

^ Anthony Nightingale resigned from the Audit Committee on 31st January 2024.

Auditor Independence and effectiveness

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

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

The Board's annual review in 2023 of the Auditor's independence and effectiveness found that PwC performed their duties effectively. The Board found the level of professional scepticism, the number and regularity of meetings with the Audit Committee, feedback from Audit Committee members and internal stakeholders and the levels of technical skills and experience to be effective.

At each AGM of the Company, the Company is required to appoint an Auditor to hold office until the conclusion of the next AGM. The Company's previous Auditor was PricewaterhouseCoopers LLP ('PwC LLP'). In March 2023, the Audit Committee recommended that the Company appoint PwC Hong Kong, also a PricewaterhouseCoopers network firm and which had conducted much of the audit work on behalf of PwC LLP for many years, as its Auditor in place of PwC LLP for future audit processes, to streamline audit procedures and align the location of the firm acting as Auditor more closely with the location of the Company's businesses. The Company's shareholders approved the appointment of PwC HK as the Company's Auditor at the AGM on 4th May 2023.

Risk Management and Internal Control

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

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

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

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

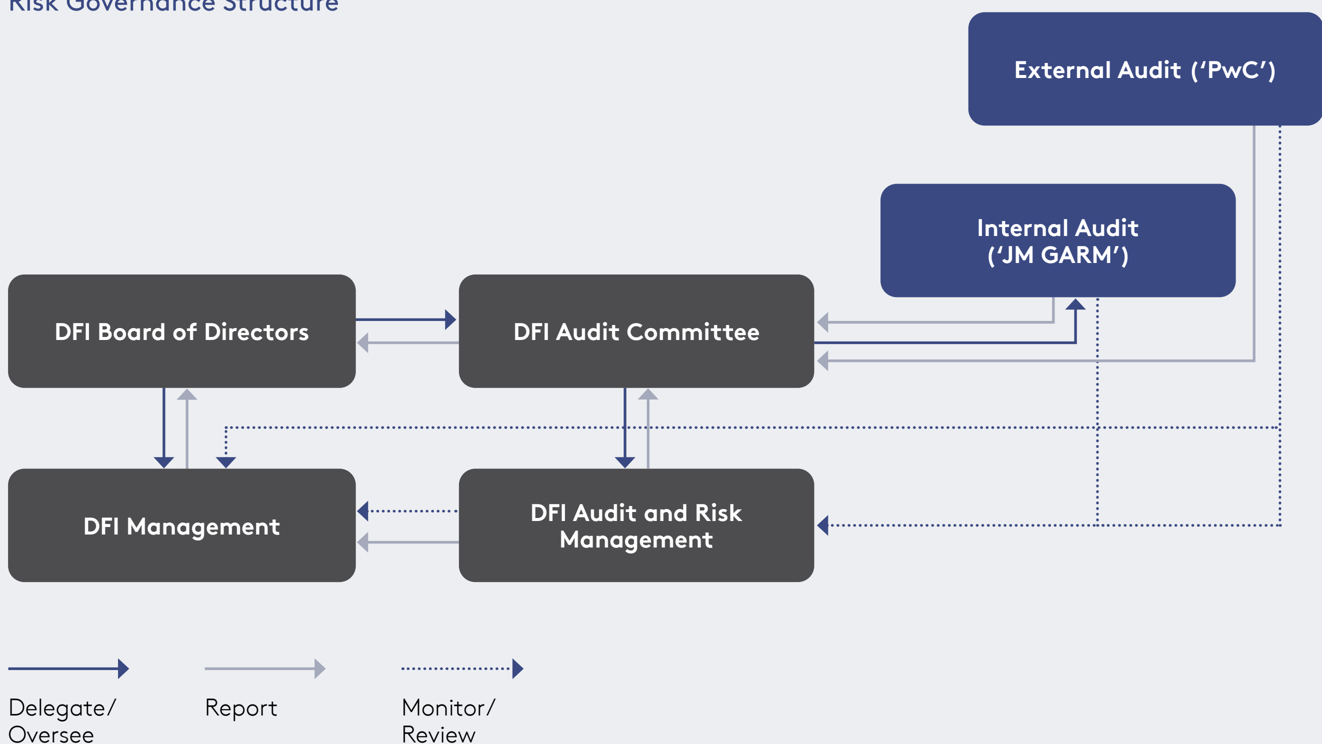
Risk Management and Internal Control continued

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

The Company's principal risks and uncertainties are set out on pages 203 to 210.

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 Group's Board of Directors via Audit Committee and JM GARM.

Principal Risks and Uncertainties

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

Economic Risk

Description

Most of the Group's businesses are exposed to the risk of negative developments in global and regional economies and financial markets, either directly or through the impact such developments might have on the Group's joint venture partners, associates, franchisors, bankers, suppliers or customers. These developments could include recession, inflation, deflation, currency fluctuations, restrictions in the availability of credit, business failures, or increases in financing costs, oil prices, the cost of raw materials or finished products. Such developments might increase operating costs, reduce revenues, lower asset values or result in some or all of the Group's businesses being unable to meet their strategic objectives.

Mitigation Measures

- Monitor the volatile macroeconomic environment and consider economic factors in strategic and financial planning processes.
- Make agile adjustments to existing business plans and explore new business streams and new markets.
- Review pricing strategies and keep conservative assumptions.
- Insurance programme covering property damage and business interruption.

Commercial Risk

Description

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

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

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

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

Mitigation Measures

- Utilise market intelligence and deploy digital strategies for business-to-consumer businesses.
- Establish customer relationship management programme and digital commerce capabilities.
- Engage in longer-term contracts and proactively approach suppliers for contract renewals.
- Re-engineer existing business processes.
- Continue accelerating the Group's own brand strategy.

Principal Risks and Uncertainties continued

Financial and Treasury Risk	**Description**

Financial and Treasury Risk

Description

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

The market risk the Group faces includes i) foreign exchange risk from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency; ii) interest rate risk through the impact of rate changes on interest bearing liabilities and assets; and iii) securities price risk as a result of its equity investments and limited partnership investment funds which are measured at fair value through profit and loss, and debt investments which are measured at fair value through other comprehensive income.

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

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

Mitigation Measures

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

The detailed steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on page 33 and note 39 to the financial statements on pages 154 to 162.

Concessions, Franchises 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 concessions, franchises, management, leasing of stores or other key contracts could adversely affect the financial condition and results of operations of certain subsidiaries, associates, and joint ventures of the Group. **Mitigation Measures** • Sustaining and strengthening relationships with franchisors. • Monitor sales performance and compliance with franchise terms. • Regular communication with franchisees and concessionaires, including performance management.
Regulatory and Political Risk	**Description** The Group's businesses are subject to several regulatory regimes in the territories they operate. Changes in such regimes, in relation to matters such as foreign ownership of assets and businesses, exchange controls, licensing, imports, planning controls, emission regulations, tax rules and employment legislation, could have the potential to impact the operations and profitability of the Group's businesses. Changes in the political environment, including political or social unrest, in the territories where the Group operates, could adversely affect the Group's businesses. **Mitigation Measures** • Stay connected and informed of relevant new and draft regulations. • Engage external consultants and legal experts where necessary. • Assessing impact on the business and taking appropriate measures. • Raise awareness with regular updates on new regulations that may have been implemented in other markets.

Principal Risks and Uncertainties continued

Cybersecurity and Technology Risk	**Description** The Group faces increasing numbers of cyberattacks from groups targeting individuals and businesses. As a result, the privacy and security of customer and corporate information are at risk of being compromised through a breach of our or our suppliers' IT systems or the unauthorised or inadvertent release of information, resulting in brand damage, impaired competitiveness or regulatory action. Cyberattacks may also adversely affect our ability to manage our business operations or operate information technology and business systems, resulting in business interruption, lost revenues, repair or other costs. The Group is heavily reliant on its IT infrastructure and systems for the daily operation of its business. Any major disruption to the Group's IT systems could significantly impact operations. The ability to anticipate and adapt to technology advancements or threats is an additional risk that may also impact the business. **Mitigation Measures** • Continued investment in upgrading of technology and IT infrastructure. • Defined cybersecurity programme and centralised function to provide oversight, manage cybersecurity matters, and strengthen cyber defences and security measures. • Perform regular vulnerability assessment and/or penetration testing by third parties to identify weaknesses. • Arrange regular security awareness training and phishing testing to raise users' cybersecurity awareness. • Maintain disaster recovery plans and backup for data restoration. • Regular external and internal audit reviews.
Talent Risk	**Description** The competitiveness of an organisation depends on the quality and the availability of the people that it attracts and retains. A shortage of store labour and 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 IE&D across the Group. • Total compensation in line with market benchmarking.

Environmental and Climate Related Risks

Description

Environmental disasters such as earthquakes, floods and typhoons can damage the Group's assets and disrupt operations. Global warming-induced climate change has increased the frequency and intensity of storms, leading to higher insurance premiums or reduced coverage for such natural disasters.

With governments also taking a more proactive approach towards carbon taxes, renewable energies and electric vehicles, additional investments and efforts to address physical and transition risks of climate change are anticipated from businesses.

With interest in sustainability surging in recent years from investors, governments and the general public, expectations by regulators and other stakeholders for accurate corporate sustainability reporting and commitments towards carbon neutrality to address climate change are also growing. This brings increasing challenges to the Group and its businesses to meet key stakeholders' expectations.

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

Mitigation Measures

- Sustainability Leadership Council established to mobilise and coordinate sustainability efforts across the Group.
- A sustainability strategy framework, including a climate action pillar, drives the Group's sustainability agenda.
- A Climate Action Working Group, with representatives from all business units, drives Group-wide initiatives which strengthen collaboration and share knowledge.
- Each business is building a net zero carbon pathway and climate change plan to build climate resilience.
- Assess emerging Environmental, Social and Governance ('ESG') reporting standards and requirements, to align Group disclosures to best market practice.
- Conduct climate risk assessments and adaptation action plans based on recommendations of Task Force on Climate-Related Financial Disclosures, including implementing measures to address physical risks posed by climate change and identifying opportunities in global transition to a low carbon economy.
- Formulate the appropriate risk response strategy (particularly on the Group's key assets and supply chain), and integrate Physical and Transitional Climate Risk into the Group's existing risk management approach.
- Foster ongoing dialogue with local communities, environmental groups, and regulators to gain insights and build partnerships for sustainability. Proactive engagement aids in preventing and resolving conflicts.
- Continue the practice of rolling out regular sustainability training for employees, aiming to enhance environmental awareness and instill a culture of responsibility. Notably, this year, we have successfully integrated ESG targets into each staff's annual performance review, reinforcing our commitment to sustainability across the Group.

Principal Risks and Uncertainties continued

Third-party Service Provider and Supply Chain Management Risk

Description

Supply chain disruption caused by key suppliers or service providers, or failure to deliver by contractors/subcontractors could cause significant operational disruption, lack of inventory supply, financial loss and reputational damage to the businesses.

The Group's operations may be materially affected if third parties on which we depend are compromised by cyber-attacks. With increased reliance on third-party ecosystems, the Group has greater exposure to third-party risk if there is insufficient vetting, oversight or visibility over third parties and their subcontractors, particularly on information security, resilience, regulatory compliance, and their ongoing capability.

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 a 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 a supplier 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** Several of the Group's businesses engage in production or other physical activities that may lead to serious injury or fatal incidents if work conditions are unsafe or workers do not take due care to observe safety procedures. The safety and quality of food products and all items delivered by the Group's businesses are fundamental to their reputation with customers. Any actual or perceived deficiency in product safety or quality may damage consumer confidence and the Group's reputation, leading to financial loss.
	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 implemented to identify unsafe acts and unsafe conditions in our workplaces so that we can take corrective action. • 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 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 DFI 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 employee compensation. • Obtaining adequate product liability insurance.

Effectiveness Review of Risk Management and Internal Control Systems

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

Shareholder Information

Financial Calendar

2023 full-year results announced	7th March 2024
Shares quoted ex-dividend	21st March 2024
Share registers closed	25th to 29th March 2024
Annual General Meeting to be held	8th May 2024
2023 final dividend payable	15th May 2024
2024 half-year results to be announced	1st August 2024*
Shares quoted ex-dividend	22nd August 2024*
Share registers to be closed	26th to 30th August 2024*
2024 interim dividend payable	16th October 2024*

* Subject to change

Dividends

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

Shareholders on the Jersey Branch Register
Shareholders registered on the Jersey branch register can elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2023 final dividend by notifying the United Kingdom transfer agent in writing by 26th April 2024. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 2nd May 2024.

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

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

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

Registrars and Transfer Agent

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

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

Jersey Branch Registrar
Link Market Services (Jersey) Limited
IFC 5
St Helier, Jersey JE1 1ST
Channel Islands

Singapore Branch Registrar
(with effect from 1st March 2024)
Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue, Keppel Bay Tower
#14-07, Singapore 098632

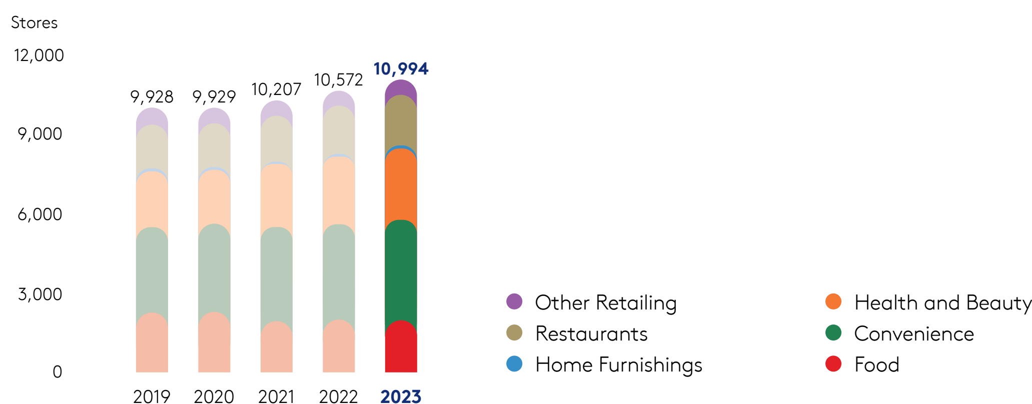
United Kingdom Transfer Agent
Link Group
Central Square
29 Wellington Street
Leeds LS1 4DL, United Kingdom

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

Retail Outlet Summary

2023	Food	Convenience	Health and Beauty	Home Furnishings	Restaurants	Other Retailing	Total	Net change
Hong Kong	325	1,095	305	10	827	–	**2,562**	56
Macau	22	50	21	1	26	–	**120**	1
Chinese mainland	1,012	1,730	108	–	291	–	**3,141**	58
Singapore	100	500	129	–	176	–	**905**	51
Indonesia	23	–	335	7	–	–	**365**	24
Malaysia	–	–	603	–	5	–	**608**	46
Brunei	–	–	28	–	–	–	**28**	(3)
Taiwan	–	–	–	8	–	–	**8**	–
The Philippines	341	416	1,033	–	–	578	**2,368**	107
Vietnam	–	–	123	–	103	–	**226**	27
Cambodia	84	–	9	–	44	–	**137**	9
Thailand	–	–	–	–	521	–	**521**	42
Laos	–	–	–	–	5	–	**5**	4
Total	**1,907**	**3,791**	**2,694**	**26**	**1,998**	**578**	**10,994**	422
Net change over 2022	(26)	195	142	3	90	18	422	

2022	Food	Convenience	Health and Beauty	Home Furnishings	Restaurants	Other Retailing	Total	Net change
Hong Kong	324	1,066	303	7	806	–	2,506	38
Macau	22	49	21	1	26	–	119	3
Chinese mainland	1,074	1,591	125	–	293	–	3,083	49
Singapore	101	457	121	–	175	–	854	9
Indonesia	22	–	312	7	–	–	341	18
Malaysia	–	–	557	–	5	–	562	62
Brunei	–	–	31	–	–	–	31	5
Taiwan	–	–	–	8	–	–	8	1
The Philippines	311	433	957	–	–	560	2,261	82
Vietnam	–	–	112	–	87	–	199	31
Cambodia	79	–	13	–	36	–	128	32
Thailand	–	–	–	–	479	–	479	34
Laos	–	–	–	–	1	–	1	1
Total	1,933	3,596	2,552	23	1,908	560	10,572	365
Net change over 2021	56	46	172	4	107	(20)	365	



Note: Includes 5,501 associates and joint ventures stores *(2022: 5,355)* and excludes discontinued operations.

Management and Offices

Management Committee

Scott Price	Group Chief Executive
Choo Peng Chee	Chief Executive Officer, Food
Danni Peirce	Chief Executive Officer, 7-Eleven
Andrew Wong	Chief Executive Officer, Health & Beauty
Martin Lindström	Chief Executive Officer, DFI IKEA
Clem Constantine	Group Chief Financial Officer and Property Director
Erica Chan	Group Chief Legal, Governance and Corporate Affairs Officer
Joy Jinghui Xu	Group Chief People & Culture Officer
Wee Lee Loh	Group Chief Digital Officer
Shen Li	Group Corporate Strategy and yuu Rewards Director

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Brunei

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

Cambodia

DFI Lucky Private Limited
No. 01, Street 55P
Phum Trong Moan
Sangkat Ou Baek K'am
Khan Sen Sok
Phnom Penh
Cambodia. 120802
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18/F Maxim's Centre
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Website: www.maxims.com.hk

Indonesia

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Graha Hero
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Pondok Aren, Tangerang Selatan
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Website: www.hero.co.id

Chinese mainland

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Guangzhou 510030
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Fax: (86 20) 8364 7436
Website: www.7-11.cn

Mannings Guangdong Retail Company Ltd
2/F Guangdong Mechanical
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Yue Xiu District
Guangzhou 510030
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Fax: (86 20) 8318 2388
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Malaysia

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The Philippines

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Website: www.
robinsonsretailholdings.com.ph

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* Associates or joint ventures

www.DFIretailgroup.com