RETAIL GROUP

Annual Report 2021

DFI
RETAIL GROUP

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

Jardines
A member of the Jardine Matheson Group

Our Goal

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

Contents

Corporate Information

Directors

Ben Keswick
Chairman

John Witt
Managing Director

Ian McLeod
Group Chief Executive

Clem Constantine

Dave Cheesewright
(joined the Board on 30th November 2021)

Weiwei Chen
(joined the Board on 30th November 2021)

George J. Ho
(retired on 30th November 2021)

Adam Keswick

Delman Lee
(retired on 30th November 2021)

Anthony Nightingale

Christian Nothhaft
(joined the Board on 30th November 2021)

Y.K. Pang
(retired on 30th November 2021)

Clive Schlee
(retired on 30th November 2021)

Percy Weatherall
(retired on 30th November 2021)

Company Secretary

Jonathan Lloyd

Registered Office

Jardine House
33-35 Reid Street
Hamilton
Bermuda

Dairy Farm Management Services Limited

Directors

John Witt
Chairman

Ian McLeod
Group Chief Executive

Clem Constantine
Chief Financial Officer and Property Director

Chris Bush
Chief Executive Officer – DFI Retail Southeast Asia
(joined the Board on 22nd July 2021)

Choo Peng Chee
Chief Executive Officer – DFI Retail North Asia

Sam Kim
(stepped down as Chief Executive Officer – Health & Beauty, Chief Marketing & Business Development Officer and director on 21st July 2021)

Martin Lindström
Chief Executive Officer – IKEA

Michael Wu
Chairman and Managing Director, Maxim's

Graham Baker

David Hsu

Anne O'Riordan

Y.K. Pang

Jeremy Parr

Corporate Secretary

Jonathan Lloyd

DFI Retail Group At-a-Glance

Geographical Locations

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

12 Asian markets and territories

10,286 outlets

(Including associates and joint ventures)

Highlights

- Underlying net profit for the Group's subsidiaries (excluding government support) up 35%
- Group underlying profit of US$105 million compared with US$276 million in 2020
- Group's results significantly impacted by US$90 million share of Yonghui's losses
- Continued progress in multi-year transformation
- Strong underlying Grocery Retail performance

Results	2021 US$m	2020 US$m	Change %
Sales			
– subsidiaries	**9,015**	10,269	(12)
– including associates and joint ventures*	**27,684**	28,159	(2)
Underlying EBITDA†	**1,200**	1,395	(14)
Underlying profit attributable to shareholders‡	**105**	276	(62)
Net non-trading items	**(2)**	(5)	60
Profit attributable to shareholders	**103**	271	(62)
Net debt	**844**	817	3

	US¢	US¢	%
Underlying earnings per share‡	**7.73**	20.38	(62)
Basic earnings per share	**7.61**	20.03	(62)
Dividends per share	**9.50**	16.50	(42)
Net asset value per share^	**93.67**	97.75	(4)

Store Network#	2021	2020	Net change
Food	**5,506**	5,626	-120
– Grocery Retail	**1,956**	2,294	-338
– Convenience Stores	**3,550**	3,332	+218
Health and Beauty	**2,380**	2,029	+351
Home Furnishings	**19**	13	+6
Restaurants	**1,801**	1,741	+60
Other Retailing	**580**	588	-8
	10,286	9,997	+289

* On a 100% basis.

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

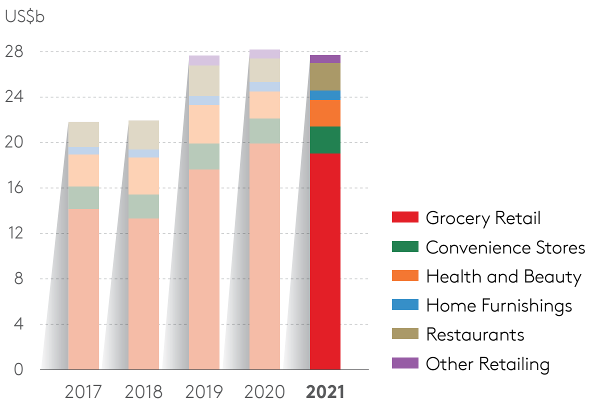
‡ The Group uses 'underlying profit' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 36 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

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

On a 100% and continuing basis.

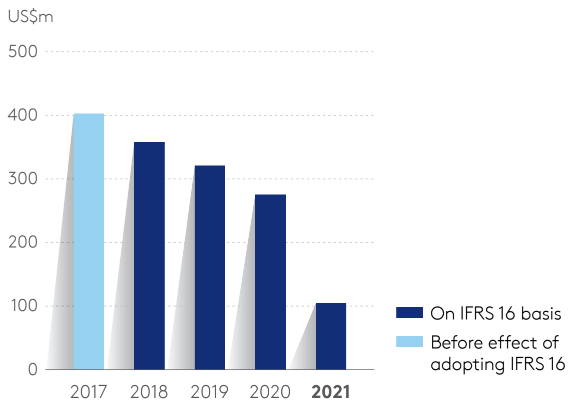
Total Sales*

US$27.7 billion



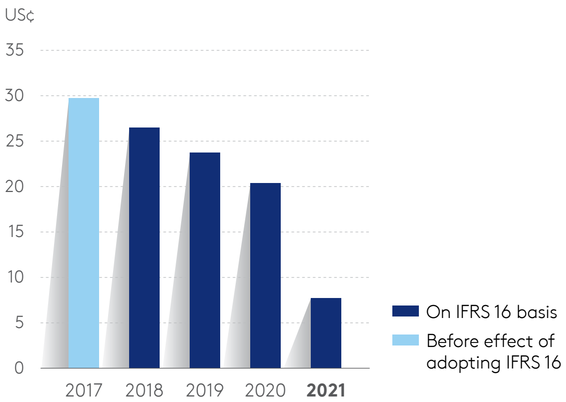
Underlying Profit Attributable to Shareholders

US$105 million



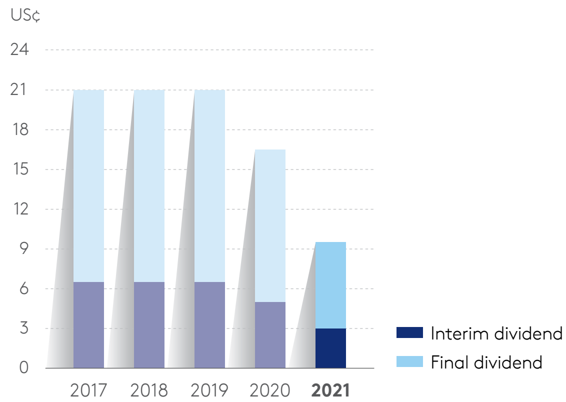
Underlying Earnings per Share

US¢7.73



Ordinary Dividends per Share

US¢9.50



Total Sales*

↓2%

Underlying Profit

↓62%

Profit Attributable to Shareholders

↓62%

Number of Stores*

10,286

Number of Employees*

some 230,000 people

Chairman's Statement

"2021 was another challenging year for DFI Retail Group, with the pandemic impacting the Group's operations and, as a result, its financial results. Continued progress in implementing the Group's multi-year transformation plan, however, helped the business deliver improvements in underlying performance. High levels of uncertainty remain in respect of this year, given the continuing impact of the pandemic. We remain confident, however, in the medium- to long-term growth prospects of the Group."

Overview

2021 was another challenging year for DFI Retail Group, as the pandemic continued to constrain normal store operations, reduce store traffic and impact the customer experience and consumer behaviours. These external factors, combined with a significant loss incurred by key associate Yonghui and a reduced level of government support compared with the prior year, have materially affected the reported financial results of the Group.

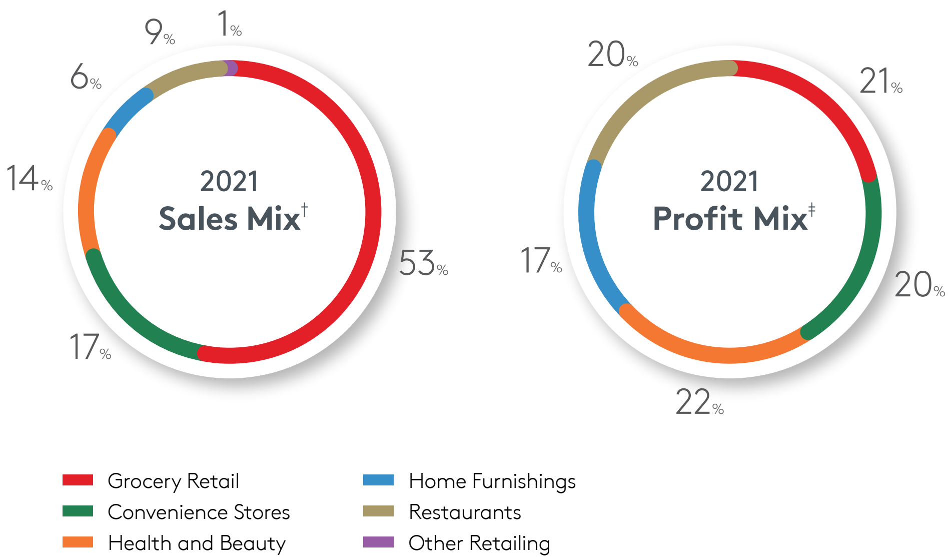
The underlying financial performance of the Group's subsidiaries, excluding government support, however, improved year-on-year and the Group maintained focus on its multi-year transformation plan throughout 2021, driving underlying improvements in business fundamentals. These included enhancements to operating efficiency, improvements to customer service standards and the delivery of greater value for customers.

Operating performance

The Group's subsidiaries reported sales of US$9.0 billion for the year, 12% behind those of 2020. Excluding the impact on reported sales of the steps taken to rationalise the Group's business portfolio, subsidiaries' revenue reduced by 5%. This reduction was primarily driven by ongoing challenges posed by the continuing pandemic, including restrictions on customer movement, store trading restrictions and the absence in 2021 of the panic buying that occurred at the start of the pandemic in 2020. Total sales, including 100% of associates and joint ventures, were US$27.7 billion, 2% behind the prior year, with sales growth at Maxim's and Yonghui able to mostly offset the reported sales reduction of subsidiaries.

Net profit for the Group's subsidiaries in 2021 was US$145 million, a reduction of 27% relative to the prior year. Excluding the impact of net subsidies* in both years, the net profit of subsidiaries increased by 35% compared with the prior year, despite the ongoing disruptions posed by the pandemic and the absence of panic buying.

* Net subsidies are government subsidies less additional costs incurred by the business in continuing to operate through the pandemic.



† Including share of associates and joint ventures.

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

Net profit attributable to shareholders was US$105 million in 2021, compared to US$276 million in the prior year. Around 70% of this reduction was due to a US$119 million adverse swing in the Group's share of Yonghui's profits compared to 2020. Excluding the impact of the reduction in the contribution from Yonghui, profit attributable to shareholders would have been US$195 million, compared to US$247 million last year. There was an encouraging recovery by Maxim's in the period, with its contribution to the Group's profit increasing to US$52 million from US$36 million last year, despite a substantial reduction in the levels of government support received compared with the prior year.

Underlying earnings per share of US¢7.73 were 62% lower than the prior year.

The Group's cash flows from operating activities benefitted from government assistance in 2020. This benefit did not accrue in 2021 which saw operating cash flow after lease payments reduce to US$270 million compared to US$361 million in the prior year. Net debt at the end of 2021 was US$844 million, up from US$817 million at the end of last year.

The Board is recommending a final dividend of US¢6.50 per share, giving a total dividend of US¢9.50 per share for the year, a 42% reduction compared to 2020. The level of the dividend reflects the challenging conditions faced by the Group, but the Board remains confident in the medium- and long-term prospects of the business.

Food - Grocery Retail

Grocery Retail sales were US$4.2 billion in 2021, a reduction of 22% relative to the prior year. Over half of the decline in revenue resulted from the Group's proactive management of its business portfolio, including the divestment of Wellcome Taiwan at the end of 2020 and the withdrawal from the Giant brand in Indonesia. Revenues were also impacted by the absence of the panic buying behaviour seen last year and ongoing disruptions caused by the pandemic, particularly with respect to movement and trading in parts of Southeast Asia.

Given the significant volatility in 2020 performance, a comparison of performance in 2021 to 2019 provides a better understanding of the progress made with respect to the Group's transformation. Operating profit for the Grocery Retail division in 2021 was US$143 million, significantly surpassing the US$63 million reported in 2019. This increase reflects the strong improvement in underlying profitability achieved through the combination of business improvement programmes, stronger store-level execution, enhanced Own Brand penetration, and a groupwide approach to customer loyalty in Hong Kong. Relative to 2020 levels, reported operating profit reduced primarily due to normalisation of customer buying behaviours as well as reduced levels of government support.

Food - Convenience

Total sales for the Group's Convenience stores increased by 7% to US$2.2 billion as a result of strong new store growth and reinvigorated customer traffic into stores, particularly in Hong Kong. Operating profit was US$54 million, a reduction of 5% relative to the prior year primarily as a result of low levels of profitability in Singapore and the Chinese mainland, where the rise in COVID cases and resultant government-imposed restrictions on movement, impeded sales momentum in the second half.

Health and Beauty

Total sales for the Health and Beauty division were US$1.8 billion. Excluding the impact of the Rose Pharmacy divestment, total sales reduced by only 2%, despite the absence of panic buying behaviour in the first half of 2021 which had taken place in the equivalent period in 2020, and ongoing disruptions caused by the pandemic. The sustained border closure with the Chinese mainland continues to significantly impact Mannings' performance in Hong Kong compared to pre-pandemic years. Reduced levels of customer traffic also impacted Guardian performance in Southeast Asia. Operating profit was US$56 million in 2021, a reduction of US$9 million relative to the prior year. However, profitability increased by over 50% in the second half relative to the prior comparable period, driven by improved sales and strong cost control.

Home Furnishings

Home Furnishings reported sales revenue of US$816 million, only marginally behind the prior year despite the negative impact caused by government-imposed restrictions on trading as well as global supply chain disruptions that have caused challenges to stock availability. Ongoing store network expansion and strong e-commerce growth largely offset the negative sales impact of government-imposed movement restrictions and trading restrictions on stores.

Operating profit was US$45 million, a reduction of 36% relative to the prior year. The reduced profit was driven by ongoing pandemic-induced restrictions and compromised range availability caused by global supply chain constraints which impacted like-for-like sales performance, as well as some additional pre-opening expenses.

Associates

The Group's reported financial results, however, were materially affected by the Group's share of losses incurred by Yonghui, which was US$90 million. The reduction in the contribution from Yonghui represented a US$119 million adverse swing compared to the prior year. Yonghui's reported financial performance was impacted by a combination of the normalisation of sales performance - particularly in the first quarter; reduced margins resulting from rising competition and investments in digital.

The contribution from 50%-owned Maxim's increased significantly to US$52 million from US$36 million last year, as restaurant patronage recovered, particularly in North Asia. While recent government-imposed dining restrictions will have some impact on the performance of Maxim's, we believe the business is well placed to benefit when conditions normalise.

The Group's share of underlying results in Robinsons Retail increased by 4% to US$14 million.

Transformation and business developments

Despite the ongoing challenges posed by the pandemic, the Group has continued to focus on its multi-year transformation and strengthening the underlying fundamentals of the business. During the year, the Group continued to make good progress on delivering its business transformation, improving store operating standards and enhancing the customer experience.

Digital innovation and e-commerce remains a key forward-looking focus for the Group. The *yuu* Rewards programme continues to exceed expectations, with almost 4 million members. The programme has supported an increase in cross-banner shopping of over 50% in the year. Furthermore, *yuu* continues to expand its ecosystem with the introduction of Maxim's, Chubb, Allianz and Shell as additional partners. Daily e-commerce volume has more than doubled across the Group in 2021 and the Group continues to trial new pilots focusing on enhancing the customer experience.

The Group's 89.3%-owned subsidiary in Indonesia, PT Hero, was restructured in the year. Following a detailed strategic review, PT Hero pivoted focus towards its strong brands of IKEA, Guardian and Hero Supermarkets, and away from the Giant banner. This change in strategy was necessary given changing market circumstances. The Giant banner in Indonesia ceased operations in July. Six stores were subsequently successfully converted to the upscale Hero banner. A number of other sites are scheduled to be transformed into IKEA stores, the first of which was relaunched in Bali in the fourth quarter. A number of stores were successfully divested to third parties.

Governance enhancements

The Group has an ongoing focus on enhancing its governance, and in the past year it has made changes to the composition of its Board, to reduce its size and to increase its diversity and bring greater sector expertise through the appointment of new independent non-executive directors. The Group has also established formal Audit, Remuneration and Nominations Committees.

People

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

Delman Lee, George J. Ho, YK Pang, Clive Schlee and Percy Weatherall stepped down as Directors of the Company on 30th November 2021. We would like to thank each of them for their contribution to the Board during their time on the Board.

We were pleased to welcome Dave Cheesewright, Weiwei Chen and Christian Nothhaft as Independent Non-Executive Directors of the Company with effect from 30th November 2021. They bring many years of valuable experience in retail businesses globally.

Prospects

There remains significant uncertainty with respect to the duration and extent of the COVID-19 pandemic, particularly given the recent rise in Omicron cases in Hong Kong. Regardless of the external environment, DFI Retail Group remains committed to its multi-year transformation and its customer-focused strategy. We are confident in the Group's ability to adapt to remain relevant and competitive in each market and achieve long-term sustainable recovery and growth in a post-pandemic environment.

Ben Keswick
Chairman
3rd March 2022

Group Chief Executive's Review

"External trading conditions have remained challenging in 2021, having an impact on DFI Retail Group's financial results. The Group's collective efforts in successfully executing the multi-year transformation programme, however, have strengthened the underlying fundamentals by enhancing operational efficiency, store operating standards, range, value and the customer shopping experience. Our progression from the second phase (Delivering Consistently Well) into the third phase (Driving the DFI Difference) will further strengthen our businesses. We remain confident that completion of the plans we have in place will drive the Group's sustainable growth over the medium- to long-term."

Introduction

External trading conditions have remained challenging in 2021, with the pandemic continuing to impact customer visits and tourism traffic. We continue, however, to execute the multi-year transformation of DFI Retail Group ('DFI') and remain focused on strengthening the underlying fundamentals supporting the Group's businesses, by enhancing operational efficiency, store operating standards, range, value and the customer shopping experience. Having made strong progress through the second phase of the transformation (Delivering Consistently Well), we are now actively progressing into the third phase (Driving the DFI Difference).

Net profit for the Group's subsidiaries reduced by 27% in the year. This was driven by the absence of the panic buying behaviour seen in the prior year, the reduction in government support, the ongoing challenges of COVID-19 on customer traffic and supply chain constraints, which particularly impacted IKEA. The Group's reported results were materially impacted by losses incurred by key associate Yonghui (where there was a US$119 million year-on-year adverse movement for the Group). The profitability of Maxim's, however, improved significantly. Total net profit for the Group fell from US$276 million to US$105 million. We remain encouraged, however, by the momentum built over the course of the Group transformation and the resulting improvements in the underlying performance of the business. In this context, excluding the impact of government support received in 2020, net profit for the Group's subsidiaries increased by 35% relative to the prior year. We believe the Group is well positioned to grow sustainably when external market conditions normalise.

Progress on business improvement programmes

Our business improvement programmes remain key enablers for the Group and have already made a major contribution weathering the external challenges caused by the pandemic. The savings generated have partially offset pressure on the Group's profitability caused by the pandemic, while at the same time providing the Group with the flexibility to reinvest back into its businesses to drive sustainable change for the customer and, in turn, enhance DFI's competitive position. This 'flywheel' effect is the bedrock underpinning a successful

Grocery Retail
Convenience Stores
Health and Beauty
Home Furnishings
Restaurants
Other Retailing
Store Support Centre and Shared Services

* Including 100% of associates and joint ventures

formula for leading retailers globally, and is now being effectively deployed within DFI.

Throughout 2021, we have continued to make strong progress on our key improvement programmes.

- Fresh supply chain efficiency – Significant progress has been made to enhance our fresh quality and standards, through optimisation of our end-to-end supply chain, including sourcing, enhancement of quality standards, range optimisation, improved reporting and monitoring standards. This has culminated in an over 50% reduction in losses associated with food wastage since the programme's start and a significant reduction in fresh shrinkage. As a result of greater focus and improved fresh standards, fresh like-for-like sales continue to outperform the overall Group sales performance.

- Labour productivity – Our programme to drive store labour productivity and efficiency has continued to be rolled out in 2021, with a greater focus on improved team member roster schedules. As a result, cost savings in 2021 were more than double those achieved in 2020.

- Procurement centralisation – We continue to generate efficiency savings in non-trade procurement executing around 1,000 separate projects across the Group in 2021. Significant savings have been generated in supply chain, property management and marketing in the year. Projects have included renegotiation of transportation rates with third-party logistics providers, enhanced processes to improve labour efficiency in warehouses, energy savings initiatives, consolidation of point of sales marketing print contracts.

- Assortment optimisation – Our programmes to improve cost of goods have been very successful. In 2021, around 1,700 rounds of supplier discussions were conducted, generating significant savings in cost of goods. Over the past three years, we have followed a process of strategic category planning, and we have also introduced enhanced governance and control mechanisms with respect to supplier-led cost price increases, which have mitigated price increases and provided additional savings for our customers.

Progress on strategic priorities

1. Growth in China

7-Eleven South China continued to expand, with over 200 new stores opened during the year, whilst also strengthening the foundations of the business. New product development continues to accelerate, with around 1,000 SKUs launched, supported by the development of important Own Brand strategic supply partnerships. In the area of infrastructure, 7-Eleven completed a major upgrade of its legacy IT systems with a new end-to-end agile IT solution, to support both an improved customer shopping experience and its future growth ambitions. 7-Eleven is also expanding its online offering. Daily O2O transaction volume has quadrupled during the year. In addition, a number of pilots with respect to online store community groups have been initiated, with encouraging initial performance.

Mannings China's like-for-like sales grew strongly in the first half. However, the rise in the number of COVID-19 cases and subsequent restrictions on movement since late May has impeded sales momentum over the second half of the year. Following a detailed review of our Mannings store portfolio across China, we have undergone a period of space optimisation. The consolidation of the store network into Guangdong province is now complete, and supports an ability to not only focus growth in a more concentrated geography, but also leverage the above-store infrastructure of 7-Eleven where it makes sense to do so. Cross-border e-commerce sales growth continues to be strong, with additional capabilities introduced and opportunities now being explored to enhance range and value and improve the overall customer experience.

Yonghui's financial performance was materially impacted during the year, but it continues to invest in enhancing its business fundamentals with the ongoing strong growth of e-commerce; the launch of new formats such as warehouse stores; and the ongoing digitisation of its store operations.

2. Maintaining Hong Kong strength

Wellcome Hong Kong reported good sales growth and improvement in profit in 2021 compared to 2019 levels, highlighting strong underlying improvements in its business fundamentals. Relative to 2019 levels, Wellcome's sales significantly outperformed the decline of the broader market as reported by official Hong Kong retail sales statistics.

As a result of disciplined cost price reviews; the introduction of quality Own Brand products at affordable prices; lower negotiated cost of goods; and the introduction of the *Low Prices Locked* campaign, Wellcome has continued to reinvest in prices, with average selling prices reducing over the past 20 months. This has resulted in annualised savings of over HK$300 million for our customers.

Format development was another key area of focus in the year. The new 'Wellcome Fresh' concept was introduced in October, offering the best elements of both traditional wet markets and modern grocery retail. In addition, the Group continued to progress the upgrade of its upscale Market Place stores. Initial performance of these new concepts has been encouraging, with a strong uplift in sales, fresh participation, and basket sizes.

Mannings Hong Kong has continued to focus on local customers and the delivery of strong value for these customers. Since the launch of its price reinvestment campaign in July 2020, market share has increased materially, with strong levels of sales and volume uplift for key SKUs. Customer value perception has also improved steadily. Like-for-like sales and profitability for Mannings improved strongly in the second half relative to the first half. However, performance of the business continued to be significantly behind pre-pandemic levels, due to the impact of the pandemic and the ongoing absence of Chinese mainland tourist traffic.

In 2021, 7-Eleven celebrated its 40th anniversary of serving the Hong Kong community, and in July, it reached its 1,000th store milestone, solidifying its position as the largest convenience store chain in Hong Kong. The team continued to innovate for customers throughout the year. Around 250 new Own Brand ready-to-eat products were introduced to the market and a number of successful customer engagement programmes, such as collectibles campaigns for which the banner is now renowned, were launched. Good sales momentum was achieved over the course of the year, with like-for-like sales performance improving in the second half as the restrictions on customer movement began to normalise in Hong Kong.

IKEA's Hong Kong sales performance was impacted by reduced traffic caused by the pandemic as well as global supply chain constraints impacting availability, although e-commerce sales remained strong. IKEA continues to innovate with both its format and service offerings for the customer. For example, the upgraded Market Place store in Discovery Bay saw the introduction of the world-first 'IKEA Close to You' store-in-store concept. IKEA also introduced its first IKEA compact store, a 500 square metre location in Tai Po stocking both accessories and food, with encouraging early results. Home planning services have been launched across all Hong Kong stores during the year, providing customers with one-stop professional home planning advice.

Maxim's remains committed to pursuing its multi-brand strategy. During the year, Maxim's expanded its digital solutions for customers such as mobile ordering to support its takeaway business, as well as enhanced CRM capabilities through *yuu* Rewards and its Eatizen app. Based on the success of its Shake Shack franchise, which has now opened in Shenzhen, Macau, Beijing, Shanghai and Hong Kong, Maxim's has announced a strengthened partnership with Shake Shack and plans to expand into more locations across the Chinese mainland.

3. Revitalising Southeast Asia

Our Southeast Asian Grocery Retail businesses saw strong underlying performance in 2021 and, relative to 2019 levels, store sales per square metre increased by 25%. A combination of a strong improvement in underlying sales productivity, and efficiency savings following the implementation of business improvement programmes, has led to a significant positive swing in profitability for Southeast Asia Grocery Retail relative to 2019.

In Singapore, we have seen strong improvements in both our relative price position and customer perception scores following the relaunch of the Giant brand in Singapore, combined with the introduction of the *Low Prices that Last* programme. Within the key fresh food category for Giant, we have also gained significant market share. This has in turn translated to improved underlying sales productivity and profitability and arrested the previous trend of market share decline in the face of increased market competition both online and offline. With strong foundations in place, Giant is well positioned to grow in Singapore. In the fourth quarter, Giant opened its first new store in Singapore in over four years. Around half of our upscale stores in Singapore have either been, or are in the process of being, refreshed and we have plans to complete this process for most stores by the end of 2022. Refreshed upscale stores have exhibited strong performance from the perspective of both sales, customer count and basket uplift.

The pandemic has heavily impacted performance for Malaysia Grocery Retail, with government-imposed restrictions on movement impacting traffic and trading limitations in areas such as general merchandise, apparel and beer, wine and spirits. The pandemic has also impacted supply chain capacity and the progress of some of our transformation initiatives, with contract work being heavily constrained. Despite the challenges and delay caused by COVID-19, the Giant brand in Malaysia was relaunched in the first half with a greater focus on fresh, range enhancements and a detailed reapportionment of space. Subsequently, we have seen very positive customer feedback, which has supported a strong improvement in customer perception scores. In November, Giant Malaysia launched its own *Low Prices that Last* price reinvestment programme, which led to strong volume and sales growth for key SKUs.

In May, PT Hero, the Group's 89.3%-owned subsidiary in Indonesia, announced that, following a strategic review, it would be pivoting its trading operations away from the Giant banner by increasing investment in its strong brands of IKEA, Guardian and Hero Supermarkets. This change in strategy is a decisive and necessary response to changing market dynamics, particularly given the move away from the hypermarket format by Indonesian consumers in recent years. During the third quarter, PT Hero successfully executed the restructure of Giant in Indonesia. As a result, six stores have been successfully converted to the Hero banner, with the first IKEA conversion in Bali now open. A number of stores have been successfully divested.

Guardian's performance across Southeast Asia has continued to be affected by the pandemic and its impact on both tourism and mall traffic. Despite these challenges, the Guardian team has remained focused on improving the underlying fundamentals of the business. During 2021, the *Low Prices Locked* programme was introduced in all key markets, improving Guardian's already strong price position relative to competitors and driving double-digit volume growth on key SKUs. Customer perception scores have also improved since the launch of these programmes.

In addition, the Guardian team has begun to execute its multi-year range and sales optimisation programme. Leveraging deep research on customer insights as well as analysis on changing shopping behaviour by cluster, Guardian will focus on driving range simplification, improved promotional efficiency and a more tailored product mix according to demographic cluster. It will also focus on introducing additional innovation and newness to its range. The hard work which has been put in by the team in continuing to serve our customers in Malaysia has been rewarded by customers voting Guardian the winner of the Platinum award in the 2021 Putra Brand Awards.

IKEA's performance in Indonesia was impacted in the year by a combination of reduced traffic and supply chain constraints impacting availability. However, we believe the foundations have been laid to support strong growth when the external environment normalises. IKEA's total network space in Indonesia has more than doubled since the start of the year, following the opening of the Bandung and Jakarta Garden City stores. In November, IKEA opened its first Giant conversion outside of Java Island in Bali. This expansion reflects IKEA's strategic imperatives of being more accessible and affordable to the people of Indonesia, and we believe these stores will generate good returns for shareholders over time.

Robinsons Retail has exhibited some continued improvement in quarterly performance indicative of the recovery of the Philippines economy. The integration of Rose Pharmacy is making good progress. The company is also continuing to build on its digital strategy with strong growth in e-commerce and is further enhancing online capabilities to serve and fulfill customer needs.

4. Building capability

Since the start of our transformation, the Group has balanced both internal promotions and the introduction of external capability, and the change in leadership within the organisation has brought depth of experience and thinking to the Group. Having made strong progress through the second phase of the transformation (Delivering Consistently Well), we are now actively progressing into the third phase (Driving the DFI Difference). Consequently, there is a greater need to optimise the balance between the consistency brought about by centralisation and the agility afforded to businesses allowed to operate a higher degree of autonomy. Some adjustments to our organisation design were made in the year to support greater levels of regional autonomy, which we believe will drive even stronger transformation success in the future.

We have focused on enhancing capabilities for team members both in our Store Support Centre as well as team members in stores. In this regard, we have made significant investments in training and improving systems and processes to upskill our store team members and serve our customers better. To give a sense of the magnitude of change, total training investment for team members exceeded 300,000 hours in 2021. This was more than double 2019 levels. In 2021, additional capabilities in digital and CRM have been added to the team, which will support the acceleration of the Group's digital transformation to adapt to the rapidly changing environment. In August, Johnny Wong joined the Group as CEO of DFI Digital, bringing strong experience gained in a number of leading organisations in this area. Digital innovation remains an area of ongoing focus for the Group, and we expect to make ongoing investments in capability to support our development.

5. Driving digital innovation

The *yuu* Rewards programme continues to exceed expectations and now has almost four million members, representing over 60% of Hong Kong's adult population. The programme is attracting high levels of engagement, with over 130 billion points issued and 64 billion points redeemed since launch. All brands have benefitted from stronger levels of customer engagement relative to previous programmes, including the successful Mannings *Mann Card* programme. Further, the common loyalty currency of *yuu* points is now supporting an over 50% increase in cross-banner shopping relative to the start of 2021. Since its launch, *yuu* has continued to expand its ecosystem through the inclusion of Maxim's as a partner, the introduction of *yuu* Insure and Shell as fuel partner, as well as the launch of *yuu-to-me* e-commerce functionality on the app.

E-commerce remains a key focus area for the Group as we continue to adapt and improve our customer service proposition. Overall daily e-commerce orders for the Group have more than doubled. E-commerce sales growth continues at double-digit pace for IKEA. In some markets, IKEA's e-commerce penetration has exceeded 20%. In Hong Kong, we have introduced pilots offering customers the choice between delivery within 60 minutes and delivery within 24 hours, to tailor to different shopping occasions. Within Grocery Retail in Hong Kong, our average order volume has increased by over 120%.

We are continuing to experiment through alternative e-commerce offerings for customers. In Singapore we have piloted CART, a brand new shopping experience bringing our key brands in Singapore onto one platform. Customers can now shop over 20,000 products from Cold Storage, CS Fresh, Giant, Guardian on one app.

In addition to focusing on e-commerce growth, the Group is continuing to upgrade and enhance existing legacy IT systems, to improve the digitisation of in-store operations. 7-Eleven South China successfully completed the upgrade of its IT systems for all stores and distributions centres in August, future-proofing further business expansion plans. In partnership with leading Chinese omnichannel digital service provider Dmall, the new system was purpose-built for convenience retail to provide a digital operating system to support all aspects of 7-Eleven's value chain. Over the course of the year, we have begun to upgrade elements of Wellcome's IT systems to enhance in-store efficiency.

6. Own Brand development

One of the key drivers of value for our customers has been the ongoing momentum and success of Own Brand development. Within Grocery Retail, over 2,000 Own Brand SKUs have been launched since 2019, and over 1,300 SKUs have been launched in the past year. *Meadows* is now the number one brand across the whole Group, with over four items now being sold every second! Key highlights for 2021 include:

- Own Brand penetration has now reached double-digits in volume terms.
- During the year, we relaunched both *Yu Pin King* and *Giant* Own Brand product ranges. We also launched the *Meadows Essentials* range, providing our customers with additional choice through different levels of pricing tiers within our Own Brand range.
- *Meadows* is now the number one brand for nuts in Hong Kong and the number one snacks brand across Singapore.
- Our Own Brand products hold number one positions across multiple categories within the Group, including condiments, water, snacks and frozen food categories.
- As a testament to our strong international sourcing credentials, our Own Brand products were awarded over 80 international food quality awards. In addition, our relaunched *Yu Pin King* rice was judged best-tasting rice by the World Rice Conference.

Own Brand development within Health and Beauty has also been an area of focus. A full strategic review has been conducted, and plans are now in place to launch over 1,000 re-developed or new Health and Beauty products during 2022. The first relaunches took place in the fourth quarter of 2021 in two major commodity categories: cotton and paper. An integrated development and launch plan through commercial, sourcing, product marketing and strong in-store execution has resulted in strong double-digit sales growth relative to prior sales levels, and we expect momentum to accelerate over the course of 2022.

Corporate social responsibility

The purpose of our transformation plan started four years ago was to transform the organisation across multiple retail sectors, countries and territories and create a business that is more relevant to our customers and competitive within each of our markets, and of which our team members feel proud to be a part. Whilst we are doing all we can to improve the service we offer to our customers, we recognise that we can do more, both addressing the many challenges we face as a business and recognising the responsibilities we have outside the company. As a large enterprise, we have a duty to think about the needs of those around us – our team members, customers and our communities within our markets – as well as the impact we have on the world.

We are therefore thinking more carefully about not just our business and financial responsibilities, but also our broader social responsibilities. In this context, we have developed our Corporate Social Responsibility (CSR) mission: *to provide communities we serve with benefits that help them and help the environment too.* Our approach is to build change that matters, harness our team's passion and strive to make a difference. We have identified the key pillars and priorities of our CSR approach: serving communities, sustaining the planet and sourcing responsibly. We are now dedicating significant resource towards building programmes that make a difference in each of these areas.

We have made some encouraging progress so far in the area of serving our communities. In Hong Kong, there are over 1.6 million people who are living at or below the poverty line. In November, Wellcome teamed up with long-term partner Foodlink to launch a Rice Donation Charity Programme called '*Sik Jor Fan Mei*', which is a traditional Cantonese greeting meaning 'Have you eaten yet?'. As part of the programme, Wellcome pledges to donate HK¢50 for every kilogram of *Yu Pin King* brand rice sold at its stores to help those in need. The aim of the programme is to raise HK$5 million within a year. The generosity of our customers has enabled Wellcome to raise funds at a much faster rate than expected. As of February 2022, we are now over 75% of the way towards achieving our original target. Following this successful introduction, we aim to introduce impactful programmes across other subsidiary business units over time.

Maxim's is also committed to serving the communities that it operates in. Maxim's was the first bakery chain to launch its Surplus Bread Donation Programme in 2009 and has since saved and donated over 5.6 million bread items, partnering with nearly 90 NGOs. In 2021, Maxim's expanded its volunteer network to over 30 corporate partners, distributing over 280,000 bakery items to vulnerable groups in the community.

In the area of sustaining the planet, the Group has placed significant emphasis on energy efficiency in 2021, which has also generated material cost savings. Wellcome installed the largest solar panel system in Hong Kong on the rooftop of its Fresh Food Processing Centre, generating one million kWh of electricity per year – enough to meet the annual electricity needs of nearly 250 households. Campaigns to change energy behaviours were introduced in key markets, and led to DFI receiving Smart Energy Awards from its key energy supplier, CLP Group, in 2021. Plans have also been developed to significantly improve energy efficiency in future years.

Our IKEA franchise continues to work with Inter IKEA Group to achieve its ambitions of becoming people and planet positive. Strong progress has been made in new product ranges such as introduction of new, more energy-efficient LED bulbs and increase in plant-based food offerings. In addition, IKEA is working hard towards a systematic shift towards a circular economy to reduce the environmental footprint of furniture. We have introduced circular hubs in all of our markets to sell returned or display furniture. In addition, new furniture leasing services are currently being trialed.

In addition, significant work has been undertaken to understand our carbon emissions and our future sustainability targets, areas we hope to share with our key stakeholders in the near future.

The year ahead

Our transformation, which began four years ago, has been a tough journey and one which is not yet complete. External market conditions over the past two and a half years have increased the challenges, and the Group's results have been impacted materially by the performance of Yonghui in 2021. However, we remain confident that the plans we have in place and the progress we have made put DFI Retail Group in a strong position to drive sustainable growth over the medium- to long-term.

There remain a number of areas of uncertainty with respect to the extent and duration of the pandemic, particularly following the recent spread of the Omicron variant. However, we remain optimistic when conditions normalise.

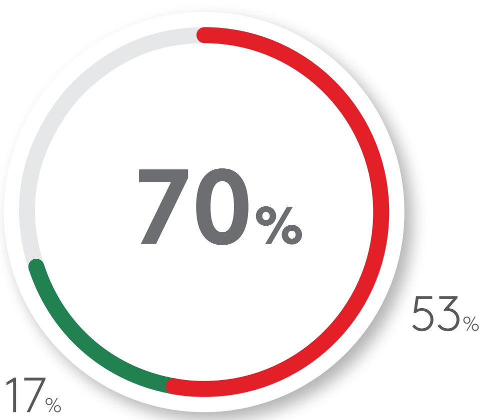
I would like to take this opportunity to thank each and every team member for their ongoing tireless efforts during what continued to be a challenging 2021 as well as the last four years of our transformation journey to drive sustainable improvements for our shareholders and customers.

Ian McLeod
Group Chief Executive
3rd March 2022

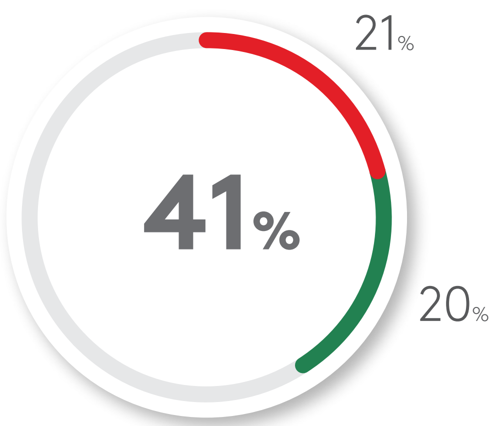
Food

Underlying sales productivity for the Group's Grocery Retail business has improved over 20% in 2021 relative to 2019. Operating profit for the division relative to 2019 levels, a better indicator of underlying performance of the business, more than doubled. Total convenience sales increased 7% due to combination of like-for-like sales recovery and strong network expansion. Profitability in Hong Kong increased relative to the prior year as customer traffic normalised.

Group Sales*



Group Profit†



Grocery Retail   Convenience Stores

* Including share of associates and joint ventures.

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

Operating profit for Grocery Retail division **more than doubled** relative to 2019 levels

Grocery Retail   Convenience Stores

Total Sales‡

US$ **21.4** billion

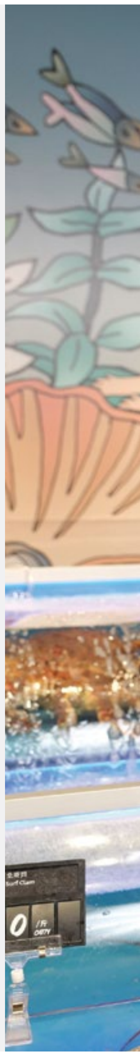
Operating Profit

US$ **197** million

Store Network‡

5,506 stores

‡ Including 100% of associates and joint ventures.



Grocery Retail

DFI Retail Group's Grocery Retail business has been serving our customers for over 70 years. Today we lead the industry in Asia, offering the freshest produce, excellent service and great value through a range of iconic brands.

Reported sales for the Grocery Retail division in 2021 were US$4.2 billion. Consistent with the Group's strategy of proactively managing our business portfolio, the Wellcome Taiwan business was successfully divested at the end of 2020. In addition, following a detailed strategic review, the Group exited its Giant Indonesia operations in July. These portfolio actions accounted for over half of the 22% reduction in reported sales for the Grocery Retail division in 2021. The remaining reduction in revenue was attributable to the normalisation of customer buying behaviours and government-imposed restrictions on movement and trading, particularly in parts of Southeast Asia.

Underlying sales productivity has improved **by over 20%** in 2021 relative to 2019 levels

Nevertheless, the headline reduction in revenues masks the underlying improvements in the performance of the business units. Underlying sales productivity has improved by over 20% in 2021 relative to 2019 levels. Own Brand participation continued to gain traction, reflecting our sustained efforts to expand offerings and build a strong brand that resonates with customers.

Reported operating profit for the Grocery Retail division was US$143 million. A headline reduction in profitability of 46% was primarily driven by normalisation of customer buying behaviours and a reduction in the level of government support received compared with the prior year. Operating profit for the division relative to 2019 levels, a better indicator of underlying performance of the business, more than doubled. This was driven by strong improvements in sales productivity and good progress with business improvement programmes that have been introduced to enhance product range, operating efficiency, customer service standards and the overall customer shopping experience.

All key banners continued to focus on delivering enhanced levels of value for customers in 2021, through a combination of ongoing price reinvestment campaigns, disciplined cost price reviews and the introduction of quality Own Brand products at affordable prices.

Own Brand participation continued to gain traction with **over 2,000 SKUs** launched

Convenience

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

Total convenience sales increased 7% to U$2.2 billion due to a combination of like-for-like sales recovery in Hong Kong and the Chinese mainland, and strong network expansion. Operating profit was US$54 million. The slight reduction of US$3 million in operating profit relative to the prior year was primarily due to lower levels of profitability in the Chinese mainland and Singapore, as the ongoing continuation of the pandemic has impacted customer traffic over the course of the year. Profitability in Hong Kong increased relative to the prior year, as the reduction in transmission of local COVID-19 cases in the year saw customer traffic normalise.

7-Eleven South China's daily O2O **transaction volume has quadrupled** during the year

Business Review

Health & Beauty

Health and Beauty like-for-like sales momentum improved in the second half, with strong growth in the fourth quarter. Profitability increased over 50% in the second half relative to the same period last year.

Group Sales*

Group Profit†

Health & Beauty

* Including share of associates and joint ventures.

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

In Hong Kong, Mannings' price investment programmes drove **over 80%** uplift in volume of key SKUs

● Health & Beauty

Total Sales‡

US$ **2.4** billion

Operating Profit

US$ **56** million

Store Network‡

2,380 stores

‡ Including 100% of associates and joint ventures.

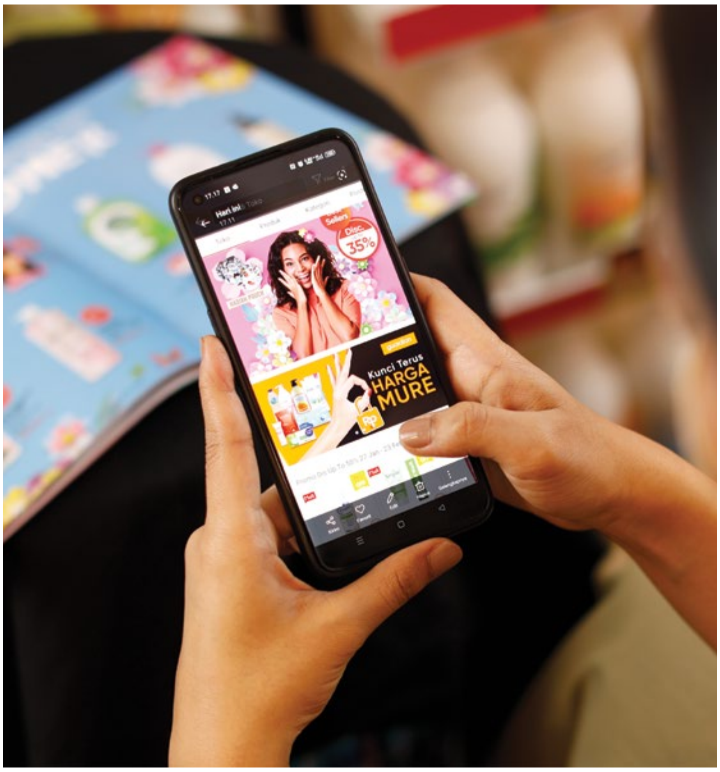
Health & Beauty

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

Over 1,000 re-developed or new Health and Beauty Own Brand products are planned for a launch in 2022

The reduction in reported sales revenue for the Health and Beauty division was driven predominantly by the successful integration of Rose Pharmacy into Robinsons Retail in the second half of 2020. Overall reported sales for the division were US$1.8 billion in 2021, a reduction of 9% relative to the prior year. However, sales reduced only 2% excluding the impact of the Rose Pharmacy divestment. Like-for-like sales momentum improved in the second half, as external conditions began to improve. However, relative to historical levels, divisional performance was affected by ongoing disruptions caused by the COVID-19 pandemic to movement and tourism.

Overall like-for-like sales for Mannings in North Asia were ahead of prior year despite an ongoing lack of custom from tourists. Like-for-like sales performance improved significantly in the second half, with strong growth in the fourth quarter. Both Mannings Macau and China also grew strongly in the first half. In Macau in particularly, the easing of border restrictions in the first half significantly benefitted performance. However, the rise in COVID cases impacted movement in the second half and impeded sales momentum. In Hong Kong, Mannings has focused on driving local customer sales with price investment programmes driving over 80% uplift in volume of key SKUs and significant market share gains.



Guardian like-for-like sales were impacted by the ongoing pandemic, government-imposed restrictions on movement and low levels of mall visitations. Like-for-like sales momentum, however, did improve in the second half as movement restrictions became less severe.

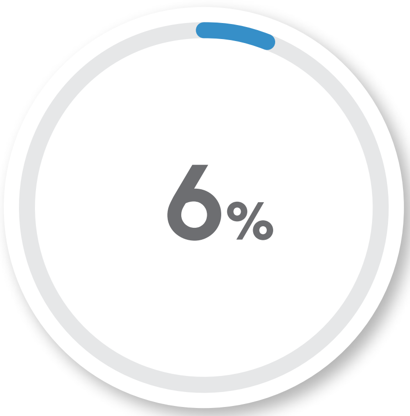
Operating profit was US$56 million in 2021, a reduction of US$9 million relative to the prior year. Encouragingly, profitability increased over 50% in the second half relative to same period last year, driven by improved sales performance and ongoing disciplined cost control, with particularly strong profit growth in Hong Kong. Whilst 2021 has remained a challenging year for the Health and Beauty division, the improved performance in the second half gives us reason to be optimistic when conditions normalise.

Guardian voted **No. 1**
Favourite Store in Malaysia

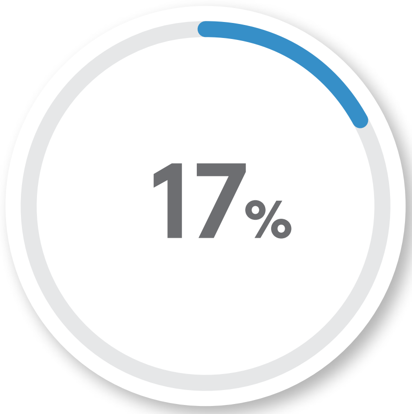
Home Furnishings

Strong e-commerce sales growth and store network expansion supported total revenue for IKEA which mostly offset challenges posed by COVID-19 on like-for-like sales.

Group Sales*



Group Profit†



Home Furnishings

* Including share of associates and joint ventures.

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

E-commerce sales growth continues to remain strong with **double-digit** percentage growth overall

● Home Furnishings

Total Sales[‡]

US$ **816** million

Operating Profit

US$ **45** million

Store Network[‡]

19 stores

‡ Including 100% of associates and joint ventures.

Home Furnishings

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

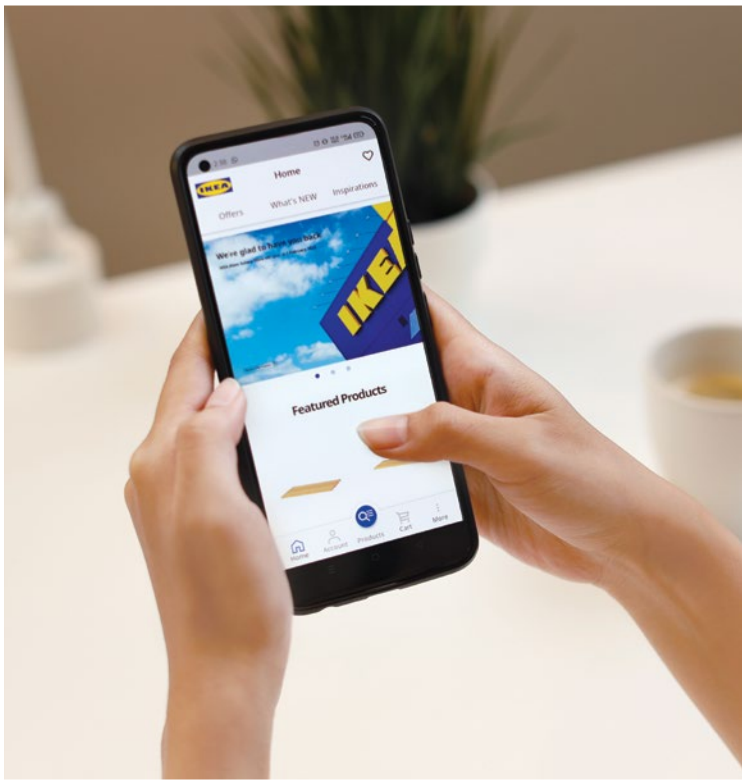
In Indonesia, IKEA **more than doubled** its store space following the openings of both the Bandung and Jakarta Garden City stores

Challenges posed by COVID-19 severely impacted sales performance for IKEA with forced closures impacting stores in Taiwan and Indonesia, operating hour restrictions in Indonesia and limitations to dine-in services across all markets. In addition, global supply chain disruptions have led to continued challenges on stock availability, particularly top selling items. Despite these challenges, IKEA reports sales revenue of US$816 million, only 2% lower than the prior year.

E-commerce sales growth continues to remain strong, with double-digit percentage growth overall. In addition, IKEA continued to expand its store network in the year. In Indonesia, IKEA has more than doubled its store space following the openings of both the Bandung and Jakarta Garden City stores. In May, IKEA opened a larger replacement store in Neihu, Taipei City, which is almost double the size of the store that it replaced.

In May 2021, IKEA opened a larger replacement store in Neihu, Taipei City, which is almost **double the size** of the store it replaced

Operating profit was US$45 million for the year. The decline in profitability relative to the prior year was due to combination of lower like-for-like sales as a result of COVID-19 related disruptions, reduced availability due to supply chain constraints and higher pre-opening expenses for new stores.



Business Review

Restaurants

The sales performance of Maxim's improved significantly during the year on higher levels of restaurant patronage and encouraging levels of mooncake sales during the Mid-Autumn Festival.

Group Sales*

Group Profit†

Restaurants

* Including share of associates and joint ventures.

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

Maxim's expanded **digital solutions** for customers such as mobile ordering as well as enhanced CRM capabilities

● Restaurants

Total Sales‡

US$ **2.5** billion

Share of Results

US$ **52** million

Store Network‡

1,801 stores

‡ Including 100% of associates and joint ventures.

Restaurants

Founded in 1956, Maxim's is a household name in Hong Kong, famous for its mooncakes and successful restaurants, bakeries, cafes and catering. The Maxim's network has expanded across Asia Pacific, with over 1,800 outlets in Hong Kong, Macau, Chinese mainland, Vietnam, Cambodia, Thailand, Singapore and Malaysia.

The sales performance of Maxim's improved in the year due to stronger levels of restaurant patronage, particularly in Hong Kong, and encouraging levels of mooncake sales during the Mid-Autumn Festival. Whilst recent government-imposed dining restrictions introduced in January 2022 will have some impact on Maxim's performance, we believe Maxim's is well placed to benefit when conditions normalise.

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

Maxim's announced **strengthened partnership** with Shake Shack

In Southeast Asia, sales were impacted by the rising number of COVID-19 cases, which curtailed patronage. However, a gradual easing of government-imposed restrictions did support improvement in the fourth quarter.

As a result of improving sales performance, particularly in North Asia as well as good growth in branded product sales such as mooncakes, Maxim's underlying profitability increased significantly relative to the prior year.

Business Review

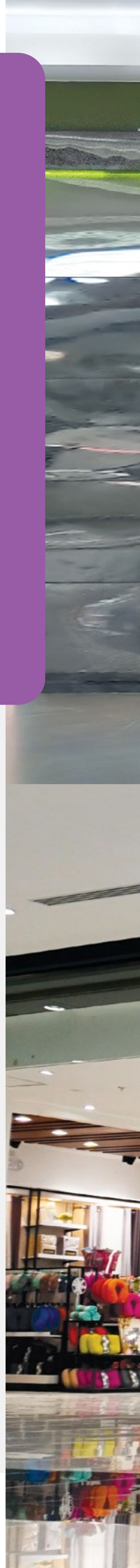
Other Associates

The Group's investment in Yonghui and Robinsons Retail continued to demonstrate our diversified business portfolio strategy. The Group's reported financial results for the year were significantly impacted by Yonghui's performance.

Other Associates

The Group's reported financial results for the year were significantly impacted by its share of Yonghui's losses, representing a US$119 million swing in profit relative to the prior year. Yonghui's financial performance was impacted by a combination of normalisation of sales performance particularly in the first quarter, reduced margins resulting from rising competition, as well as investments in digital.

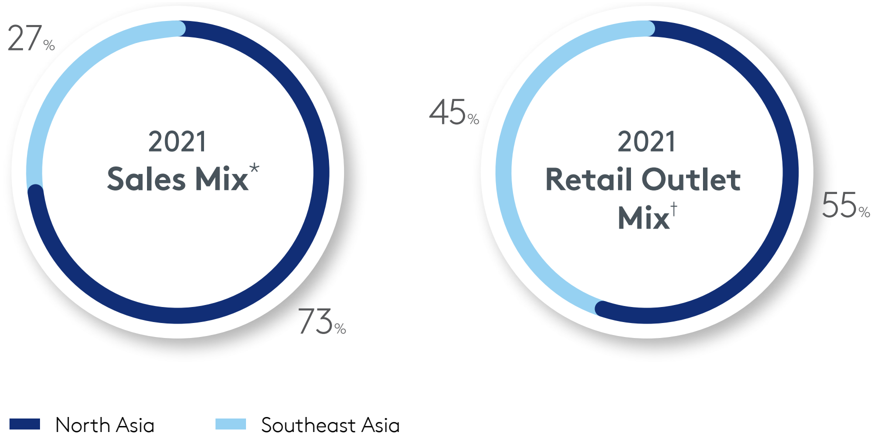
The Group's share of Robinsons Retail's profit increased by 4% relative to the prior year. Robinsons Retail financial performance has been impacted by the normalisation of sales revenues in its supermarket business segment in the first quarter. However, the company reported strong growth in net income in the third quarter, with continued improvement in quarterly performance indicative of the recovery of the Philippines economy. The integration of Rose Pharmacy is making good progress.



Yonghui continued to **invest in business enhancements, including digitisation**

Financial Review

"Despite the ongoing challenges posed by COVID-19, the Group remains encouraged by the momentum of its multi-year transformation and is confident that it is delivering sustainable improvements to the business over-time which will drive medium- to long-term growth."



* Including share of associates and joint ventures.

† On a 100% basis.

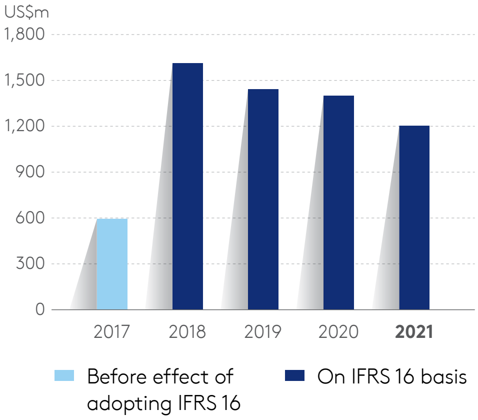
Accounting policies

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'). In 2021, the Group continued to apply the practical expedient of the COVID-19 Related Rent Concessions: Amendment to IFRS 16 Leases. The 2021 amendment extends the practical expedient in the 2020 amendment, allowing rent concessions, which are granted as a direct consequence of the COVID-19 pandemic, to be recognised in the profit and loss over the period to which they relate, subject to satisfying specific conditions, rather than as a modification of the lease following IFRS 16 'Leases'. The adoption of the Amendment results in the recognition of US$43 million *(2020: US$69 million)* of rent concessions in other operating income.

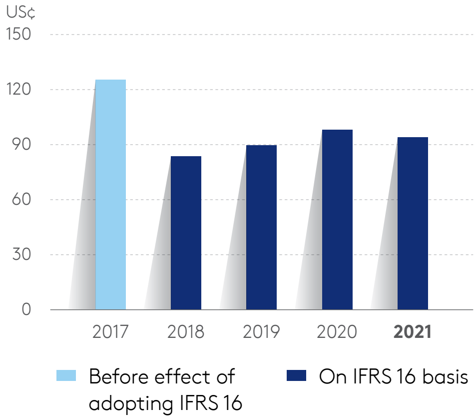
Results

2021 was another challenging year for DFI Retail Group, with the Group's reported financial results impacted by the continuation of the COVID-19 pandemic. However, the Group continued to make good progress in executing its transformation programme, which in turn has strengthened underlying fundamental supporting the Group's businesses.

Underlying EBITDA



Net Asset Value per Share



Sales, excluding those of associates and joint ventures, totalled US$9.0 billion, down 12% on last year. Total sales, including 100% of associates and joint ventures, were 2% down at US$27.7 billion.

Net profit for the Group's subsidiaries was US$145 million, a reduction of 27% compared with the prior year. The reduction was primarily due to the absence of panic buying behaviours, annualisation of government support received in the prior year and the ongoing disruptions posed by the continuation of the pandemic on customer movement and store trading. Excluding the impact of government subsidies and the related costs, however, subsidiaries net profit increased by 35%.

Grocery Retail business reported operating profit reduction primarily due to normalisation of customer buying behaviours and reduced levels of government support relative to 2020 levels. However, comparisons to 2019's results provide a better understanding of the Group's transformation progress. Operating profit for the Grocery Retail division more than doubled relative to 2019, reflecting strong improvement in underlying sales productivity and good progress with business improvement programmes.

The Convenience business reported sales growth, driven by the strong store growth as well as reinvigorated customer traffic. Profitability, however, was impacted by lower levels of profitability in the Chinese mainland and Singapore, where the rise in COVID cases and resultant government-imposed restrictions on movement impeded sales momentum in the second half.

Sales in the Health and Beauty business were only marginally behind last year excluding the impact of the divestment of Rose Pharmacy despite the normalisation of panic buying behaviour in the first half and ongoing disruptions caused by the pandemic. In North Asia, sustained border closure continued to impact our Mannings business relative to historic trends. In Southeast Asia, reduced levels of visitations impacted Guardian performance.

Home Furnishings was negatively impacted by the government-imposed restrictions on trading as well as global supply chain disruptions that caused challenges to stock availability.

Net financing charges decreased by US$24 million compared with 2020, in part reflecting lower interest expense charged on leases and lower interest rates on external borrowings.

The Group's share of the results of associates and joint ventures reported at a loss of US$42 million compared with a profit of US$85 million in 2020, principally due to a US$119 million adverse swing from Yonghui. Following Yonghui's cancellation of shares after a share buy-back scheme in September 2021, the Group's interest in Yonghui, increased from 20.10% to 21.08%.

Maxim's contribution increased relative to the prior year as a result of stronger levels of restaurant patronage. The Group's share of underlying results in Robinsons Retail increased 4% to US$14 million. During the year, the Group's interest in Robinsons Retail also increased from 20.00% to 20.76% following the shares buy-back by Robinsons Retail.

The tax charge for 2021 was US$59 million, 20% lower than 2020, mainly due to overall decrease in operating profit during the year.

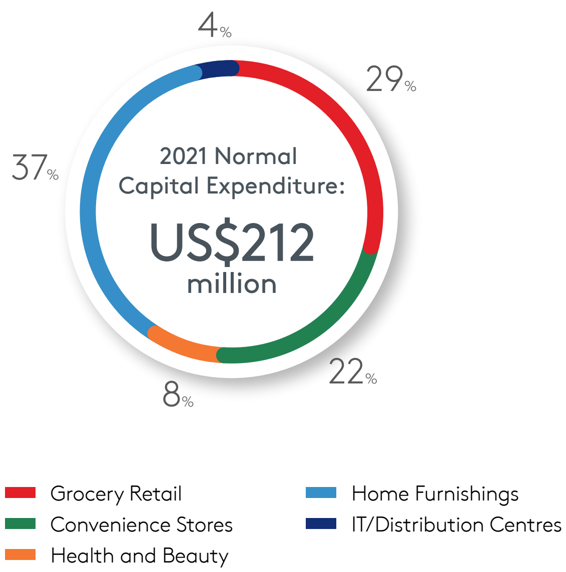
A one-off pre-tax charge of US$3 million was reported, which included business restructuring costs of US$31 million, partly offset by profit on sale of properties of US$27 million in Hong Kong, Malaysia, Taiwan and Indonesia during the year. The restructuring costs related predominantly charges to write down the value of assets to the recoverable amounts, and business restructuring costs associated with the Group's pivoting of trading operations in Indonesia away from the Giant brand. The net cost after tax and non-controlling interests was US$28 million. These charges have been classified as non-trading items due to the scale of the plan, and are not reflective of the ongoing operations and performance of the Group.

Underlying profit attributable to shareholders was US$105 million, down 62% from US$276 million in 2020. Underlying earnings per share of US¢7.73 were also down by 62%, as compared with US¢20.38 in 2020.

Cash flow

Summarised Cash Flow	2021 US$m	2020 US$m
Underlying operating profit	**314**	412
Depreciation and amortisation	**886**	983
Other non-cash items	**(64)**	(17)
Increase in working capital	**(10)**	(102)
Net interest and other financing charges paid	**(116)**	(143)
Tax paid	**(110)**	(110)
Dividends received from associates	**46**	68
Other	**(4)**	(24)
Cash flows from operating activities	**942**	1,067
Principal elements of lease payments	**(672)**	(706)
Cash flows from operating activities after lease payments	**270**	361
Normal capital expenditure	**(212)**	(248)
Sales of subsidiaries, net of investments	**(7)**	154
Disposals	**94**	8
Cash flow from investing activities	**(125)**	(86)
Cash flow before financing but after lease payments	**145**	275

The Group maintained solid cash flows from operating activities after lease payments of US$270 million in the year, compared with US$361 million in 2020. The unfavourable movement in working capital this year was partly due to inventory stockpiling for an earlier 2022 Chinese New Year. Normal capital expenditure was lower at US$212 million versus US$248 million in 2020 principally due to substantial investment for new IKEA stores in Taiwan and Indonesia in 2020 in which the stores were opened during the year.



At 31st December 2021, the Group's businesses, including associates and joint ventures, operated a total of 10,286 stores across all formats in 12 markets, compared with 9,997 stores at the end of 2020. Included in this total are 1,088 Yonghui stores, 1,801 Maxim's stores and 2,179 Robinsons Retail stores.

Balance sheet

Total assets, excluding cash and bank balances, of US$7.4 billion were broadly in line with 2020. Continuous efforts have been made to manage the inventory and clear poor-quality stocks in the past few years, resulting in stable level of inventories maintained, US$782 million in 2021 compared to US$779 million in 2020. Net operating assets were US$1.3 billion at the end of 2021, a 5% decrease versus the previous year.

The Group ended the year with net debt of US$844 million, broadly in line with last year's level.

Dividend

The Board is recommending a final dividend of US¢6.50 per share, giving a total dividend of US¢9.50 per share for the year.

Financing

The Group, excluding associates and joint ventures, had gross debt of US$1,054 million at 31st December 2021, a reduction of US$40 million from 2020. The gross debt is funded by total committed and uncommitted lines of US$2,938 million. At the end of 2021, US$1,248 million of committed and US$636 million of uncommitted facilities were unused and available. The Group had cash balances of US$210 million at 31st December 2021. The Group has implemented a global liquidity cash pooling scheme which enables the Group to manage and optimise its working capital funding requirements daily. The available undrawn committed facilities and the cash pooling scheme provide good support and flexibility to the Group for the cash in need for the operation. The Directors believe that the Group has strong liquidity to run the business despite uncertainty concerning the duration and extent of the pandemic that remains.

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 risks as may be appropriate depending on the investment.

Despite the ongoing challenges posed by COVID-19, the Group remains encouraged by the momentum of its multi-year transformation and is confident that it is delivering sustainable improvements to the business over-time which will drive medium- to long-term growth.

Audit opinion

Given the magnitude of Yonghui's contribution to the Group's financial results for the year ended 31st December 2021, the Group's external auditors, PricewaterhouseCoopers, determined that a full scope audit of Yonghui's results was required as part of their audit of the Group's financial statements for the year ended 31st December 2021. This has previously not been required given Yonghui's levels of profit. The Group equity accounts for its share of Yonghui's results on a three-month lag such that Yonghui's results for the 12 months ended 30th September 2021 are included in the Group's results for the year ended 31st December 2021. Yonghui management concluded that it was impractical for this additional audit to be conducted given the extent of the time and effort required. As a result of this additional audit not being possible, a qualified audit opinion for limitation of scope has been issued by PricewaterhouseCoopers on the Group's financial statements for the year ended 31st December 2021. Yonghui's own independent auditors, Ernst & Young, are performing their audit of Yonghui for the year ended 31st December 2021 to satisfy Yonghui's own reporting obligations.

Financial risk management

A comprehensive discussion of the Group's financial risk management policies is included in note 38 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 151 to 154.

Clem Constantine
Chief Financial Officer
3rd March 2022

Directors' Profiles

Ben Keswick
Chairman

Ben Keswick, 49, 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, Hongkong Land and Mandarin Oriental from 2012 to 2020. Ben 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 2012. He is executive chairman of Jardine Matheson and chairman of Hongkong Land, Jardine Cycle & Carriage and Mandarin Oriental. Ben is also a director of Yonghui Superstores and a commissioner of Astra. He has an MBA from INSEAD.

John Witt*
Managing Director

John Witt, 58, joined the Board in 2016 and was appointed Managing Director in June 2020. He has been with the Jardine Matheson group since 1993 and has held a number of senior finance positions, including group finance director of Jardine Matheson from 2016 to 2020 and the chief financial officer of Hongkong Land from 2010 to 2016. John is chairman of Jardine Matheson Limited, group managing director of Jardine Matheson and managing director of Hongkong Land and Mandarin Oriental. He is also a director of Jardine Pacific and Jardine Motors, and a commissioner and chairman of the executive committee of Astra. John is a Chartered Accountant and has an MBA from INSEAD.

Ian McLeod*
Group Chief Executive

Ian McLeod, 63, joined the Board as Group Chief Executive in 2017. He has extensive experience in the retail sector and was previously chief executive of Southeastern Grocers in the United States, before which he was managing director of Coles in Australia. He is also a director of Yonghui Superstores and a commissioner of Hero.

Clem Constantine*
Chief Financial Officer and Property Director

Clem Constantine, 59, joined the Board as Chief Financial Officer in 2019, having joined the Dairy Farm leadership team as Group 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, 59, joined the Board in November 2021. He is currently a non-executive director of Coles Group Limited and Rapha Racing Ltd and an advisory board member of the Smith School of Business, Queen's University, Ontario. He was the former president and chief executive officer of Walmart International.
Weiwei Chen	Weiwei Chen, 56, joined the Board in November 2021. She is currently a non-executive director of, and senior business adviser to, HBM Holdings Ltd 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, 49, joined the Board in 2012. Having joined Jardine Matheson in 2001, he was appointed to the Jardine Matheson board in 2007 and was deputy managing director from 2012 to 2016. Adam is a director of Hongkong Land and Mandarin Oriental. He is also a director of Ferrari NV, Schindler and Yabuli China Entrepreneurs Forum and vice chairman of the supervisory board of Rothschild & Co.
Anthony Nightingale	Anthony Nightingale, 74, joined the Board in 2006 and was Managing Director of the Company from 2006 to 2012. He is also a director of Hongkong Land, Jardine Cycle & Carriage, Jardine Matheson, Mandarin Oriental, Prudential, Shui On Land and Vitasoy, and a commissioner of Astra. He is chairperson of The Sailors Home and Missions to Seafarers in Hong Kong.
Christian Nothhaft	Christian Nothhaft, 56, joined the Board in November 2021. He is currently the chair of Ariel Assets Limited and entrepreneur in residence with Warburg Pincus LLC. He was the former CEO of Watsons Personal Care Stores, China and managing director of Fortress.

Our Leadership

Ian McLeod

Group Chief Executive

Ian McLeod is currently Group Chief Executive for the DFI Retail Group; a multi-sector retailer, based in Hong Kong operating in 12 different Asian markets, with over 10,200 retail outlets across the group and its associated companies.

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

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

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

Choo Peng Chee

Chief Executive Officer – DFI Retail North Asia

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

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

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

Chris Bush

Chief Executive Officer – DFI Retail Southeast Asia

Chris Bush was appointed CEO DFI Retail Southeast Asia in August 2021.

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

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

Clem Constantine

Chief Financial Officer and Property Director

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

Johnny Wong

Chief Executive Officer – DFI Digital

Johnny Wong was appointed CEO DFI Digital in August 2021.

Johnny is responsible for leading digital transformation across the group and across all Online-to-Offline (O2O) channels, including multi-banner eCommerce, quick commerce, loyalty, data analytics and customer relationship management. Johnny brings with him extensive digital and transformation experience from roles spanning the US, Australia, South America, Russia, and Southeast Asia. He previously held roles in entrepreneurial tech start-ups, Oracle, Boston Consulting Group, Google, Mercado Libre and Lazada. Most recently, he was Group Chief Digital and Technology Officer at NTUC Enterprise and CEO of Digital Business in Singapore at Fairprice Group.

Johnny has an MBA from Wharton and a Master's in Computer Science from Stanford.

Andrew Wong

Chief Executive Officer – Health and Beauty North Asia

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

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

Soren Lauridsen

Chief Executive Officer – Health and Beauty Southeast Asia

Soren was appointed CEO Health and Beauty Southeast Asia in April 2018.

Prior to joining Guardian, Soren, has taken on many senior leadership roles in the past decades, covering mainly Unilever Food and Carlsberg Breweries. Joining the Group from the AJE Group as the Regional Director of Asia and Managing Director of Thailand, he holds vast experiences in Southeast Asia and in-depth knowledge in consumer related businesses.

Martin Lindström

Chief Executive Officer – IKEA

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

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

Danni Peirce

Chief Executive Officer – yuu Rewards

Danni was appointed CEO – yuu rewards in August 2021, having joined DFI Retail Group in 2018 as Commercial Director for North Asia Food & Group Convenience.

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

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

Marcus Spurrell

Chief Technology Officer

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

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

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

Charlie Wood

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

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

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

Consolidated Profit and Loss Account

for the year ended 31st December 2021

		2021			2020		
		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
Sales	2	**9,015.4**	**–**	**9,015.4**	10,268.5	–	10,268.5
Cost of sales		**(6,145.7)**	**–**	**(6,145.7)**	(7,077.7)	–	(7,077.7)
Gross margin		**2,869.7**	**–**	**2,869.7**	3,190.8	–	3,190.8
Other operating income		**207.1**	**28.4**	**235.5**	355.4	75.2	430.6
Selling and distribution costs		**(2,310.1)**	**–**	**(2,310.1)**	(2,575.8)	–	(2,575.8)
Administration and other operating expenses		**(452.9)**	**(31.4)**	**(484.3)**	(558.8)	(98.7)	(657.5)
Operating profit	3	**313.8**	**(3.0)**	**310.8**	411.6	(23.5)	388.1
Financing charges		**(119.5)**	**–**	**(119.5)**	(145.1)	–	(145.1)
Financing income		**0.7**	**–**	**0.7**	2.4	–	2.4
Net financing charges	4	**(118.8)**	**–**	**(118.8)**	(142.7)	–	(142.7)
Share of results of associates and joint ventures	5	**(40.4)**	**(1.4)**	**(41.8)**	76.0	8.9	84.9
Profit before tax		**154.6**	**(4.4)**	**150.2**	344.9	(14.6)	330.3
Tax	6	**(60.0)**	**1.1**	**(58.9)**	(74.2)	0.4	(73.8)
Profit after tax		**94.6**	**(3.3)**	**91.3**	270.7	(14.2)	256.5
Attributable to:							
Shareholders of the Company		**104.6**	**(1.7)**	**102.9**	275.7	(4.7)	271.0
Non-controlling interests		**(10.0)**	**(1.6)**	**(11.6)**	(5.0)	(9.5)	(14.5)
		94.6	**(3.3)**	**91.3**	270.7	(14.2)	256.5
		US¢		**US¢**	US¢		US¢
Earnings per share	7						
– basic		**7.73**		**7.61**	20.38		20.03
– diluted		**7.73**		**7.61**	20.37		20.03

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2021

	Note	2021 US$m	2020 US$m
Profit for the year		**91.3**	256.5
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	*16*	**22.1**	16.3
Tax relating to items that will not be reclassified		**(3.5)**	(2.7)
		18.6	13.6
Share of other comprehensive income of associates and joint ventures		**1.0**	2.2
		19.6	15.8
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net (loss)/gain arising during the year		**(19.8)**	109.4
– transfer to profit and loss		**–**	(16.9)
		(19.8)	92.5
Cash flow hedges			
– net gain/(loss) arising during the year		**10.1**	(11.6)
– transfer to profit and loss		**11.6**	2.8
		21.7	(8.8)
Tax relating to items that may be reclassified		**(3.3)**	1.8
Share of other comprehensive (expense)/income of associates and joint ventures		**(1.1)**	0.5
		(2.5)	86.0
Other comprehensive income for the year, net of tax		**17.1**	101.8
Total comprehensive income for the year		**108.4**	358.3
Attributable to:			
Shareholders of the Company		**120.1**	373.9
Non-controlling interests		**(11.7)**	(15.6)
		108.4	358.3

Consolidated Balance Sheet

at 31st December 2021

	Note	**2021 US$m**	2020 US$m
Net operating assets			
Intangible assets	*9*	**411.9**	420.6
Tangible assets	*10*	**803.3**	771.9
Right-of-use assets	*11*	**2,747.6**	2,872.1
Associates and joint ventures	*12*	**2,164.3**	2,256.5
Other investments	*13*	**11.5**	6.0
Non-current debtors	*14*	**113.2**	114.8
Deferred tax assets	*15*	**14.7**	15.5
Pension assets	*16*	**13.3**	–
Non-current assets		**6,279.8**	6,457.4
Stocks		**781.9**	778.7
Current debtors	*14*	**232.0**	303.6
Current tax assets		**15.6**	28.0
Cash and bank balances	*17*	**210.4**	277.6
		1,239.9	1,387.9
Non-current assets held for sale	*18*	**85.1**	55.2
Current assets		**1,325.0**	1,443.1
Current creditors	*19*	**(2,081.3)**	(2,060.5)
Current borrowings	*20*	**(743.5)**	(852.0)
Current lease liabilities	*21*	**(640.3)**	(684.1)
Current tax liabilities		**(26.6)**	(84.7)
Current provisions	*22*	**(49.2)**	(43.8)
Current liabilities		**(3,540.9)**	(3,725.1)
Net current liabilities		**(2,215.9)**	(2,282.0)
Long-term borrowings	*20*	**(310.8)**	(242.3)
Non-current lease liabilities	*21*	**(2,320.0)**	(2,386.3)
Deferred tax liabilities	*15*	**(44.0)**	(44.3)
Pension liabilities	*16*	**(7.5)**	(13.4)
Non-current creditors	*19*	**(11.4)**	(43.2)
Non-current provisions	*22*	**(103.0)**	(110.0)
Non-current liabilities		**(2,796.7)**	(2,839.5)
		1,267.2	1,335.9

	Note	**2021 US$m**	2020 US$m
Total equity			
Share capital	*23*	**75.2**	75.1
Share premium and capital reserves	*25*	**60.2**	59.6
Revenue and other reserves		**1,131.8**	1,187.6
Shareholders' funds		**1,267.2**	1,322.3
Non-controlling interests		**–**	13.6
		1,267.2	1,335.9

Approved by the Board of Directors

Ian McLeod
Clem Constantine
Directors

3rd March 2022

Consolidated Statement of Changes in Equity

for the year ended 31st December 2021

	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
2021							
At 1st January	75.1	34.1	25.5	1,187.6	1,322.3	13.6	**1,335.9**
Total comprehensive income	–	–	–	120.1	120.1	(11.7)	**108.4**
Dividends paid by the Company	–	–	–	(196.2)	(196.2)	–	**(196.2)**
Dividends paid to non-controlling interests	–	–	–	–	–	(1.9)	**(1.9)**
Exercise of options	0.1	(0.1)	–	–	–	–	**–**
Share-based long-term incentive plans	–	–	0.7	–	0.7	–	**0.7**
Change in interests in associates and joint ventures	–	–	–	20.3	20.3	–	**20.3**
Transfer	–	1.6	(1.6)	–	–	–	**–**
At 31st December	**75.2**	**35.6**	**24.6**	**1,131.8**	**1,267.2**	**–**	**1,267.2**
2020							
At 1st January	75.1	34.1	25.1	1,074.9	1,209.2	30.3	1,239.5
Total comprehensive income	–	–	–	373.9	373.9	(15.6)	358.3
Dividends paid by the Company	–	–	–	(263.8)	(263.8)	–	(263.8)
Unclaimed dividends forfeited	–	–	–	0.5	0.5	–	0.5
Share-based long-term incentive plans	–	–	1.2	–	1.2	–	1.2
Change in interest in a subsidiary	–	–	–	(0.8)	(0.8)	(1.1)	(1.9)
Change in interests in associates and joint ventures	–	–	–	2.1	2.1	–	2.1
Transfer	–	–	(0.8)	0.8	–	–	–
At 31st December	75.1	34.1	25.5	1,187.6	1,322.3	13.6	1,335.9

Revenue and other reserves at 31st December 2021 comprised revenue reserves of US$1,363.1 million *(2020: US$1,417.5 million)*, hedging reserves of US$9.0 million gain *(2020: US$9.4 million loss)* and exchange reserves of US$240.3 million loss *(2020: US$220.5 million loss)*.

Consolidated Cash Flow Statement

for the year ended 31st December 2021

	Note	2021 US$m	2020 US$m
Operating activities			
Operating profit	*3*	**310.8**	388.1
Depreciation and amortisation	*29(a)*	**885.7**	983.4
Other non-cash items	*29(b)*	**(63.7)**	(16.6)
Increase in working capital	*29(c)*	**(10.4)**	(102.1)
Interest received		**0.8**	3.5
Interest and other financing charges paid		**(117.2)**	(146.3)
Tax paid		**(110.1)**	(110.4)
		895.9	999.6
Dividends from associates and joint ventures		**46.4**	67.6
Cash flows from operating activities		**942.3**	1,067.2
Investing activities			
Purchase of a subsidiary	*29(d)*	**–**	(21.4)
Purchase of associates and joint ventures	*29(e)*	**(1.6)**	(18.3)
Purchase of other investments	*29(f)*	**(5.0)**	–
Purchase of intangible assets		**(26.9)**	(20.7)
Purchase of tangible assets		**(185.1)**	(227.2)
Sale of subsidiaries	*29(g)*	**–**	193.1
Sale of properties	*29(h)*	**86.3**	2.8
Sale of tangible assets		**7.6**	5.3
Cash flows from investing activities		**(124.7)**	(86.4)
Financing activities			
Change in interest in a subsidiary	*29(i)*	**–**	(1.9)
Drawdown of borrowings	*20*	**1,248.3**	1,115.9
Repayment of borrowings	*20*	**(1,308.2)**	(918.5)
Net increase/(decrease) in other short-term borrowings	*20*	**88.7**	(268.1)
Principal elements of lease payments	*29(j)*	**(672.0)**	(706.5)
Dividends paid by the Company	*26*	**(196.2)**	(263.8)
Dividends paid to non-controlling interests		**(1.9)**	–
Cash flows from financing activities		**(841.3)**	(1,042.9)
Net decrease in cash and cash equivalents		**(23.7)**	(62.1)
Cash and cash equivalents at 1st January		**234.2**	288.3
Effect of exchange rate changes		**(0.5)**	8.0
Cash and cash equivalents at 31st December	*29(k)*	**210.0**	234.2

Notes to the Financial Statements

1. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and Interpretations adopted by the International Accounting Standards Board. Having considered the potential impacts arising from COVID-19 pandemic and climate change on the Group's performance and cash flows, the Directors believe that the Group has strong liquidity to run the business during the pandemic and beyond and accordingly, the financial statements have been prepared on a going concern basis and under the historical cost convention except as disclosed in the accounting policies.

Details of the Group's principal accounting policies are included in note 36.

The Group has adopted the following amendments for the annual reporting period commencing 1st January 2021.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *(effective 1st January 2021)*

The amendments provide practical expedient from certain requirements under the IFRSs as a result of the reform which affects the measurement of financial assets, financial liabilities and lease liabilities, and a number of reliefs for hedging relationships. The Group applied the amendments from 1st January 2021 and there is no significant impact on the Group's consolidated financial statements.

COVID-19 Related Rent Concessions beyond 30th June 2021: Amendment to IFRS 16 Leases *(effective 1st April 2021)*

The Group adopted and applied the practical expedient of the COVID-19 Related Rent Concessions: Amendment to IFRS 16 Leases, published in June 2020 ('2020 amendment'), in the 2020 annual financial statements. The 2021 amendment extends the practical expedient in the 2020 amendment to eligible lease payments due on or before 30th June 2022. By using the 2021 amendment, the Group continues to apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances, and does not assess these concessions as lease modifications.

Apart from the above, there are no other amendments which are effective in 2021 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 37)*.

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, 3 and 5 and are described on page 61.

2. Sales

	Including associates and joint ventures		Subsidiaries	
	2021	2020	**2021**	2020
	US$m	US$m	**US$m**	US$m
Analysis by operating segment:				
Food	**21,390.9**	22,106.2	**6,394.4**	7,447.2
– Grocery retail	**19,047.2**	19,900.5	**4,151.4**	5,347.5
– Convenience stores	**2,343.7**	2,205.7	**2,243.0**	2,099.7
Health and Beauty	**2,361.2**	2,400.8	**1,805.3**	1,989.7
Home Furnishings	**815.7**	831.6	**815.7**	831.6
Restaurants	**2,455.1**	2,064.2	**–**	–
Other Retailing	**661.3**	756.3	**–**	–
	27,684.2	28,159.1	**9,015.4**	10,268.5

Sales including associates and joint ventures comprise 100% of sales from associates and joint ventures.

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board for the purpose of resource allocation and performance assessment. DFI Retail Group operates in five segments: Food, Health and Beauty, Home Furnishings, Restaurants and Other Retailing. Food comprises grocery retail and convenience store businesses (including the Group's associate, Yonghui, a leading grocery retailer in the Chinese mainland). Health and Beauty comprises the health and beauty businesses. Home Furnishings is the Group's IKEA businesses. Restaurants is the Group's food and beverage associate, Maxim's, a leading Hong Kong restaurant chain. Other Retailing represents the department stores, specialty and Do-It-Yourself ('DIY') stores of the Group's Philippines associate, Robinsons Retail.

Sales and share of results of Yonghui and Robinsons Retail represent 12 months from October 2020 to September 2021 *(2020: October 2019 to September 2020)*, based on their latest published announcements *(note 5)*.

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

	Including associates and joint ventures		Subsidiaries	
	2021	2020	**2021**	2020
	US$m	US$m	**US$m**	US$m
Analysis by geographical area:				
North Asia	**21,334.1**	21,122.6	**6,129.5**	6,802.9
Southeast Asia	**6,350.1**	7,036.5	**2,885.9**	3,465.6
	27,684.2	28,159.1	**9,015.4**	10,268.5

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

3. Operating Profit

	2021 US$m	2020 US$m
Analysis by operating segment:		
Food	**197.2**	324.2
– Grocery retail	**143.2**	267.4
– Convenience stores	**54.0**	56.8
Health and Beauty	**56.4**	65.7
Home Furnishings	**45.0**	70.5
	298.6	460.4
Selling, general and administrative expenses	**(68.2)**	(119.8)
Underlying operating profit before IFRS 16*	**230.4**	340.6
IFRS 16 adjustment†	**83.4**	71.0
Underlying operating profit	**313.8**	411.6
Non-trading items:		
– business restructuring costs	**(30.7)**	(58.8)
– impairment of intangible assets	**–**	(38.6)
– profit on sale of businesses	**–**	75.2
– profit/(loss) on sale of properties	**27.2**	(0.5)
– change in fair value of equity investments	**0.5**	(0.8)
	310.8	388.1

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

	2021 US$m	2020 US$m
Analysis by geographical area:		
North Asia	**277.0**	388.5
Southeast Asia	**21.6**	71.9
	298.6	460.4
Selling, general and administrative expenses	**(68.2)**	(119.8)
Underlying operating profit before IFRS 16*	**230.4**	340.6
IFRS 16 adjustment†	**83.4**	71.0
Underlying operating profit	**313.8**	411.6

* Property lease payments and depreciation of reinstatement costs under the lease contracts were included in the Group's analysis of operating and geographical segments' results.

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

3. Operating Profit continued

The following items have been (charged)/credited in arriving at operating profit:

	2021 **US$m**	2020 US$m
Cost of stocks recognised as expense	**(6,113.1)**	(7,021.4)
Amortisation of intangible assets *(note 9)*	**(31.0)**	(34.2)
Depreciation of tangible assets *(note 10)*	**(145.4)**	(160.1)
Amortisation/depreciation of right-of-use assets *(note 11)*	**(709.3)**	(789.1)
Impairment of intangible assets *(note 9)*	**(1.2)**	(49.5)
Impairment of tangible assets *(note 10)*	**(5.1)**	(23.7)
Impairment of right-of-use assets *(note 11)*	**–**	(47.6)
Write down of stocks	**(6.8)**	(16.3)
Reversal of write down of stocks	**12.3**	1.3
Employee benefit expense		
– salaries and benefits in kind	**(907.9)**	(1,106.9)
– share options and share awards granted *(note 25)*	**(0.7)**	(1.2)
– defined benefit pension plans *(note 16)*	**(40.6)**	(23.3)
– defined contribution pension plans	**(46.4)**	(41.2)
	(995.6)	(1,172.6)
Expenses relating to short-term leases	**(63.6)**	(51.2)
Expenses relating to variable lease payments not included in lease liabilities	**(15.7)**	(23.8)
Gain on lease modification and termination	**25.2**	13.1
Sublease income	**19.3**	23.8
Rental income from properties	**11.0**	12.3
Auditors' remuneration		
– audit	**(4.5)**	(4.7)
– non-audit services	**(0.7)**	(1.0)
	(5.2)	(5.7)
Concession and service income	**118.4**	126.8
Net foreign exchange gains/(losses)	**1.0**	(4.0)
Profit/(loss) on sale of tangible and intangible assets	**21.8**	(7.7)

In relation to the COVID-19 pandemic, the Group had received government grants and rent concessions of US$9.5 million *(2020: US$138.7 million)* and US$43.4 million *(2020: US$68.5 million)*, respectively, for the year ended 31st December 2021. These subsidies were accounted for as other operating income.

4. Net Financing Charges

	2021 US$m	2020 US$m
Interest expense		
– bank loans and advances	**(22.0)**	(28.3)
– lease liabilities	**(90.3)**	(111.0)
– other loans	**(1.2)**	(0.8)
	(113.5)	(140.1)
Commitment and other fees	**(6.0)**	(5.0)
Financing charges	**(119.5)**	(145.1)
Financing income	**0.7**	2.4
	(118.8)	(142.7)

5. Share of Results of Associates and Joint Ventures

	2021* US$m	2020* US$m
Analysis by operating segment:		
Food	**(91.9)**	46.7
– Grocery retail	**(90.2)**	47.5
– Convenience stores	**(1.7)**	(0.8)
Health and Beauty	**0.9**	1.3
Restaurants	**51.7**	36.4
Other Retailing	**(2.5)**	0.5
	(41.8)	84.9

Share of results of associates and joint ventures included the following gains/(losses) from non-trading items *(note 8)*:

	2021* US$m	2020* US$m
Change in fair value of Yonghui's equity investments	**12.3**	0.6
Change in fair value of Robinsons Retail's equity investments	**0.1**	0.3
Impairment charge of Yonghui's investments	**(13.9)**	–
Net gain from divestment of an investment by Yonghui	**–**	7.8
Net gain from divestment of a subsidiary by Robinsons Retail	**–**	0.2
Net gains from sale of debt investments by Robinsons Retail	**0.1**	–
	(1.4)	8.9

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

In relation to the COVID-19 pandemic, included in share of results of associates and joint ventures were the Group's share of the government grants and rent concessions of US$13.7 million *(2020: US$76.1 million)* and US$18.1 million *(2020: US$28.6 million)*, respectively, for the year ended 31st December 2021.

* Included 12 months results from October 2020 to September 2021 *(2020: October 2019 to September 2020)* for Yonghui and Robinsons Retail *(note 2)*.

6. Tax

	2021 **US$m**	2020 US$m
Tax charged to profit and loss is analysed as follows:		
Current tax	**(64.7)**	(64.4)
Deferred tax	**5.8**	(9.4)
	(58.9)	(73.8)
Reconciliation between tax expense and tax at the applicable tax rate†:		
Tax at applicable tax rate	**(30.6)**	(36.1)
Income not subject to tax	**20.1**	57.5
Expenses not deductible for tax purposes	**(8.2)**	(20.6)
Tax losses and temporary differences not recognised	**(38.0)**	(39.7)
Utilisation of previously unrecognised tax losses and temporary differences	**10.1**	0.1
Underprovision in prior years	**(10.2)**	(2.5)
Withholding tax	**3.0**	(13.8)
Change in tax rate	**(0.2)**	(1.3)
Other	**(4.9)**	(17.4)
	(58.9)	(73.8)
Tax relating to components of other comprehensive income is analysed as follows:		
Remeasurements of defined benefit plans	**(3.5)**	(2.7)
Cash flow hedges	**(3.3)**	1.8
	(6.8)	(0.9)

Share of tax charge of associates and joint ventures of US$2.9 million *(2020: US$9.9 million)* is included in share of results of associates and joint ventures.

† The applicable tax rate for the year was 16.1% *(2020: 13.7%)* and represented the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The increase in applicable tax rate was mainly attributable to a change in the geographic mix of the Group's profit.

7. Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US$102.9 million *(2020: US$271.0 million)*, and on the weighted average number of 1,352.9 million *(2020: 1,352.7 million)* shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$102.9 million *(2020: US$271.0 million)*, and on the weighted average number of 1,353.1 million *(2020: 1,353.3 million)* shares in issue after adjusting for 0.2 million *(2020: 0.6 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	
	2021	2020
Weighted average number of shares for basic earnings per share calculation	**1,352.9**	1,352.7
Adjustment for shares deemed to be issued for no consideration under the share-based long-term incentive plans	**0.2**	0.6
Weighted average number of shares for diluted earnings per share calculation	**1,353.1**	1,353.3

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

	2021			2020		
		Basic earnings per share	**Diluted earnings per share**		Basic earnings per share	Diluted earnings per share
	US$m	**US¢**	**US¢**	US$m	US¢	US¢
Profit attributable to shareholders	**102.9**	**7.61**	**7.61**	271.0	20.03	20.03
Non-trading items *(note 8)*	**1.7**			4.7		
Underlying profit attributable to shareholders	**104.6**	**7.73**	**7.73**	275.7	20.38	20.37

8. Non-trading Items

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

	Operating profit		Profit attributable to shareholders	
	2021	2020	**2021**	2020
	US$m	US$m	**US$m**	US$m
Business restructuring costs				
– impairment of right-of-use assets	**–**	(30.5)	**–**	(27.2)
– impairment of tangible assets	**(7.0)**	(18.8)	**(6.2)**	(16.7)
– other	**(23.7)**	(9.5)	**(21.6)**	(7.0)
	(30.7)	(58.8)	**(27.8)**	(50.9)
Impairment of intangible assets	**–**	(38.6)	**–**	(36.6)
Profit on sale of businesses	**–**	75.2	**–**	75.2
Profit/(loss) on sale of properties *(note 29(h))*	**27.2**	(0.5)	**27.0**	(0.5)
Change in fair value of equity investments	**0.5**	(0.8)	**0.5**	(0.8)
Share of change in fair value of Yonghui's equity investments	**–**	–	**12.3**	0.6
Share of change in fair value of Robinsons Retail's equity investments	**–**	–	**0.1**	0.3
Share of impairment charge of Yonghui's investments	**–**	–	**(13.9)**	–
Share of net gain from divestment of an investment by Yonghui	**–**	–	**–**	7.8
Share of net gain from divestment of a subsidiary by Robinsons Retail	**–**	–	**–**	0.2
Share of net gains from sale of debt investments by Robinsons Retail	**–**	–	**0.1**	–
	(3.0)	(23.5)	**(1.7)**	(4.7)

Following a strategic review recommendation, management decided to withdraw its Giant brand investment in Indonesia during the year. Exit costs of US$36.9 million mainly relating to impairment charge against tangible assets, landlord compensation and the payments to employees were charged to the profit and loss.

Business restructuring costs in 2020 related to the Group's restructuring of its Grocery Retail business in Indonesia after the store performance review. The charges mainly comprised impairment charges on the carrying value of tangible assets and right-of-use assets as well as closure cost provisions which mainly represented rent compensation and expected payments to employees.

In addition, certain balance of restructuring costs relating to the Group's 2018 restructuring of its Southeast Asia Food business was included in other restructuring cost in 2021 and 2020. There were also costs related to exit of some stores in the Chinese mainland in 2019.

In 2020, the impairment of intangible assets represented the impairment of goodwill associated with PT Hero Supermarket Tbk ('PT Hero') after the impairment review *(note 9)*.

Profit on sale of businesses in 2020 comprised US$97.2 million profit on disposal of 100% interest in Wellcome Taiwan Company Limited ('Wellcome Taiwan') to a third party and US$22.0 million loss on disposal of 100% interest in Rose Pharmacy, Inc. ('Rose Pharmacy') to a subsidiary of Robinsons Retail *(note 29(g))*.

9. Intangible Assets

	Goodwill US$m	Computer software US$m	Other US$m	Total US$m
2021				
Cost	453.8	232.4	13.6	**699.8**
Amortisation and impairment	(146.4)	(121.7)	(11.1)	**(279.2)**
Net book value at 1st January	307.4	110.7	2.5	**420.6**
Exchange differences	(2.5)	(1.1)	–	**(3.6)**
Additions	–	27.6	–	**27.6**
Disposals	–	(0.5)	–	**(0.5)**
Amortisation	–	(30.7)	(0.3)	**(31.0)**
Impairment charge	–	(1.2)	–	**(1.2)**
Net book value at 31st December	**304.9**	**104.8**	**2.2**	**411.9**
Cost	448.8	252.7	13.6	**715.1**
Amortisation and impairment	(143.9)	(147.9)	(11.4)	**(303.2)**
	304.9	**104.8**	**2.2**	**411.9**
2020				
Cost	565.9	257.9	19.3	843.1
Amortisation and impairment	(121.3)	(121.2)	(11.4)	(253.9)
Net book value at 1st January	444.6	136.7	7.9	589.2
Exchange differences	5.5	1.1	0.2	6.8
Additions	–	18.1	–	18.1
Disposal of subsidiaries	(104.1)	(1.0)	(4.4)	(109.5)
Disposals	–	(0.3)	–	(0.3)
Amortisation	–	(33.0)	(1.2)	(34.2)
Impairment charge	(38.6)	(10.9)	–	(49.5)
Net book value at 31st December	307.4	110.7	2.5	420.6
Cost	453.8	232.4	13.6	699.8
Amortisation and impairment	(146.4)	(121.7)	(11.1)	(279.2)
	307.4	110.7	2.5	420.6

9. Intangible Assets continued

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

Management has assessed the recoverable amount of each group of CGU based on value-in-use calculations using cash flow projections based on approved budgets and projections based on the weighted average numbers of years of the remaining lease terms of stores ranging from four to 12 years.

Key assumptions used for value-in-use calculations for the significant balances of goodwill in 2021 include budgeted gross margins between 22% and 27% *(2020: 22% and 26%)* and average sales growth rates are between 2.0% and 5.0% *(2020: 1.0% and 5.0%)* to project cash flows, which vary across the Group's business segments and geographical locations, over the weighted average number of years of remaining lease terms, and are based on management expectations for the market development; and pre-tax discount rates between 5% and 9% *(2020: 5% and 12%)* applied to the cash flow projections. The discount rates used reflect business specific risks relating to the relevant industry, business life cycle and geographical location. On the basis of this review, management concluded that no impairment has occurred during the year.

In 2020, goodwill relating to PT Hero amounted to US$38.6 million was fully impaired and charged to the profit and loss following the impairment review.

The disposals of goodwill in 2020 related to the Group's disposal of its 100% interest in Rose Pharmacy and Wellcome Taiwan *(note 29(g))*.

Other intangible assets comprise mainly trademarks.

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

The remaining amortisation periods for intangible assets are as follows:

Computer software	up to 7 years
Trademarks	up to 10 years

10. 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
2021						
Cost	73.0	403.3	833.0	765.2	347.9	**2,422.4**
Depreciation and impairment	(15.9)	(165.9)	(579.0)	(598.3)	(291.4)	**(1,650.5)**
Net book value at 1st January	57.1	237.4	254.0	166.9	56.5	**771.9**
Exchange differences	(1.8)	(4.0)	0.2	(1.0)	(0.3)	**(6.9)**
Additions	–	–	92.7	102.2	36.5	**231.4**
Disposals	–	(0.4)	(1.3)	(2.7)	(3.4)	**(7.8)**
Depreciation charge	(1.2)	(6.7)	(60.6)	(56.2)	(20.7)	**(145.4)**
(Impairment charge)/reversal of impairment charge	(0.5)	(3.4)	1.2	(2.1)	(0.3)	**(5.1)**
Reclassified to non-current assets held for sale *(note 18)*	(6.7)	(28.1)	–	–	–	**(34.8)**
Transfer	–	(11.8)	–	11.8	–	**–**
Net book value at 31st December	**46.9**	**183.0**	**286.2**	**218.9**	**68.3**	**803.3**
Cost	59.0	304.0	904.0	765.5	353.2	**2,385.7**
Depreciation and impairment	(12.1)	(121.0)	(617.8)	(546.6)	(284.9)	**(1,582.4)**
	46.9	**183.0**	**286.2**	**218.9**	**68.3**	**803.3**
2020						
Cost	134.8	411.2	872.9	701.2	518.7	2,638.8
Depreciation and impairment	(28.2)	(227.3)	(617.9)	(502.6)	(442.6)	(1,818.6)
Net book value at 1st January	106.6	183.9	255.0	198.6	76.1	820.2
Exchange differences	3.0	1.8	9.1	2.7	0.6	17.2
Additions	–	66.1	71.0	47.2	23.2	207.5
Disposal of subsidiaries	(10.8)	–	(10.1)	(7.0)	(3.2)	(31.1)
Disposals	(3.4)	(1.6)	(1.6)	(8.1)	(0.8)	(15.5)
Depreciation charge	(1.3)	(6.9)	(65.4)	(64.4)	(22.1)	(160.1)
(Impairment charge)/reversal of impairment charge	(1.6)	1.3	(4.0)	(2.1)	(17.3)	(23.7)
Reclassified to non-current assets held for sale *(note 18)*	(35.4)	(7.2)	–	–	–	(42.6)
Net book value at 31st December	57.1	237.4	254.0	166.9	56.5	771.9
Cost	73.0	403.3	833.0	765.2	347.9	2,422.4
Depreciation and impairment	(15.9)	(165.9)	(579.0)	(598.3)	(291.4)	(1,650.5)
	57.1	237.4	254.0	166.9	56.5	771.9

10. Tangible Assets continued

Rental income from properties amounted to US$11.0 million *(2020: US$12.3 million)* which had no contingent rents *(2020: nil)*.

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

	2021 **US$m**	2020 US$m
Within one year	**13.4**	9.6
Between one and two years	**5.4**	5.6
Between two and five years	**10.4**	3.2
Beyond five years	**1.5**	1.5
	30.7	19.9

There were no tangible assets pledged as security for borrowings at 31st December 2021 and 2020.

11. Right-of-use Assets

	Leasehold land US$m	**Properties US$m**	**Furniture, equipment & other US$m**	**Total US$m**
2021				
Net book value at 1st January	177.8	2,693.0	1.3	**2,872.1**
Exchange differences	(3.2)	(18.1)	–	**(21.3)**
Additions	–	109.1	0.1	**109.2**
Modifications to lease terms	–	547.2	–	**547.2**
Amortisation/depreciation charge	(4.0)	(704.7)	(0.6)	**(709.3)**
Reclassified to non-current assets held for sale *(note 18)*	(50.3)	–	–	**(50.3)**
Net book value at 31st December	**120.3**	**2,626.5**	**0.8**	**2,747.6**

11. Right-of-use Assets continued

	Leasehold land US$m	Properties US$m	Furniture, equipment & other US$m	Total US$m
2020				
Net book value at 1st January	196.1	2,988.1	2.1	3,186.3
Exchange differences	(0.8)	54.8	0.1	54.1
Additions	–	195.3	0.3	195.6
Modifications to lease terms	–	390.7	(0.2)	390.5
Disposal of subsidiaries	–	(105.1)	–	(105.1)
Amortisation/depreciation charge	(3.9)	(784.2)	(1.0)	(789.1)
Impairment charge	(1.0)	(46.6)	–	(47.6)
Reclassified to non-current assets held for sale *(note 18)*	(12.6)	–	–	(12.6)
Net book value at 31st December	177.8	2,693.0	1.3	2,872.1

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 2021 and 2020.

12. Associates and Joint Ventures

	2021 US$m	2020 US$m
Listed associates	**826.8**	986.3
Unlisted associate	**496.8**	489.6
Share of attributable net assets	**1,323.6**	1,475.9
Goodwill on acquisition	**834.2**	759.6
	2,157.8	2,235.5
Unlisted joint ventures	**6.5**	21.0
	2,164.3	2,256.5

12. Associates and Joint Ventures continued

	Associates		Joint ventures	
	2021	2020	**2021**	2020
	US$m	US$m	**US$m**	US$m
Movements of associates and joint ventures during the year:				
At 1st January	**2,235.5**	2,096.7	**21.0**	5.2
Exchange differences	**(25.6)**	114.2	**(0.2)**	–
Share of results after tax and non-controlling interests	**(25.9)**	87.4	**(15.9)**	(2.5)
Share of other comprehensive (expense)/income after tax and non-controlling interests	**(0.1)**	2.7	**–**	–
Dividends received	**(46.4)**	(67.6)	**–**	–
Capital injections	**–**	–	**1.6**	18.3
Other increases in attributable interests	**20.3**	2.1	**–**	–
At 31st December	**2,157.8**	2,235.5	**6.5**	21.0
Fair value of listed associates	**1,619.3**	2,534.0		

At 31st December 2021, the Group had 20.76% *(2020: 20.00%)* interest in Robinsons Retail Holdings, Inc. ('Robinsons Retail'), one of the largest retailers in the Philippines, listed on the Philippines Stock Exchange. The Group's interest in Robinsons Retail increased from 20.00% to 20.76% following the shares buy-back by Robinsons Retail during the year. The fair value of the Group's interest in Robinsons Retail was US$404.5 million *(2020: US$426.8 million)* and the carrying amount of the Group's interest was US$617.0 million *(2020: US$650.4 million)* at 31st December 2021.

(a) Investment in associates

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

Nature of investments in material associates in 2021 and 2020:

			% of ownership interest	
Name of entity	Nature of business	Country of incorporation/ place of listing	**2021**	2020
Maxim's Caterers Limited ('Maxim's')	Restaurants	Hong Kong/Unlisted	**50**	50
Yonghui Superstores Co., Ltd ('Yonghui')	Grocery retail	Chinese mainland/Shanghai	**21.08**	20.10

The Group's interest in Yonghui increased from 20.10% to 21.08% following the cancellation of shares after a share buy-back scheme by Yonghui in September 2021.

12. 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	
	2021	2020	**2021***	2020†
	US$m	US$m	**US$m**	US$m
Non-current assets	**2,557.5**	2,762.6	**7,520.2**	7,276.8
Current assets				
Cash and cash equivalents	**247.2**	219.6	**1,941.9**	1,651.0
Other current assets	**271.4**	238.8	**2,426.1**	2,854.8
Total current assets	**518.6**	458.4	**4,368.0**	4,505.8
Non-current liabilities				
Financial liabilities‡	**(877.5)**	(1,153.2)	**(3,801.3)**	(3,739.0)
Other non-current liabilities	**(191.1)**	(200.5)	**(51.5)**	(66.3)
Total non-current liabilities	**(1,068.6)**	(1,353.7)	**(3,852.8)**	(3,805.3)
Current liabilities				
Financial liabilities‡	**(768.7)**	(621.6)	**(2,358.6)**	(1,903.4)
Other current liabilities	**(121.2)**	(123.5)	**(3,260.7)**	(2,786.1)
Total current liabilities	**(889.9)**	(745.1)	**(5,619.3)**	(4,689.5)
Non-controlling interests	**(124.0)**	(143.1)	**(92.0)**	(102.8)
Net assets	**993.6**	979.1	**2,324.1**	3,185.0

* Based on unaudited summarised balance sheet at 30th September 2021.

† Based on unaudited summarised balance sheet at 30th September 2020.

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

12. 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	
	2021	2020	**2021**^	2020#
	US$m	US$m	**US$m**	US$m
Sales	**2,455.1**	2,064.2	**13,904.3**	13,422.6
Depreciation and amortisation	**(425.8)**	(448.6)	**(602.1)**	(573.0)
Interest income	**1.7**	1.8	**44.7**	29.3
Interest expense	**(35.9)**	(48.7)	**(407.1)**	(230.7)
Profit/(loss) from underlying business performance	**123.2**	69.1	**(577.9)**	166.1
Income tax (expense)/credit	**(24.4)**	2.6	**58.3**	(34.8)
Profit/(loss) after tax from underlying business performance	**98.8**	71.7	**(519.6)**	131.3
(Loss)/profit after tax from non-trading items	**–**	–	**(7.6)**	42.3
Profit/(loss) after tax	**98.8**	71.7	**(527.2)**	173.6
Non-controlling interests	**4.6**	1.0	**73.5**	9.1
Profit/(loss) after tax and non-controlling interests	**103.4**	72.7	**(453.7)**	182.7
Other comprehensive (expense)/income	**(14.9)**	20.9	**0.2**	(0.6)
Total comprehensive income/(expense)	**88.5**	93.6	**(453.5)**	182.1
Dividends received from associates	**28.3**	25.8	**6.0**	35.5

^ Based on unaudited summarised statement of comprehensive income for the 12 months ended 30th September 2021.
# Based on unaudited summarised statement of comprehensive income for the 12 months ended 30th September 2020.

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 acquisition.

12. 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		Total	
	2021	2020	**2021**	2020	**2021**	2020
	US$m	US$m	**US$m**	US$m	**US$m**	US$m
Net assets	**993.6**	979.1	**2,324.1***	3,185.0†		
Interests in associates (%)	***50***	*50*	***21.08***	*20.10*		
Group's share of net assets in associates	**496.8**	489.6	**489.9**	640.2	**986.7**	1,129.8
Goodwill	**–**	–	**517.9**	427.0	**517.9**	427.0
Other reconciling items	**–**	–	**36.2**	28.3	**36.2**	28.3
Carrying value	**496.8**	489.6	**1,044.0**	1,095.5	**1,540.8**	1,585.1
Fair value	**n/a**	n/a	**1,214.8**	2,107.2		

* Based on unaudited summarised balance sheet at 30th September 2021.
† Based on unaudited summarised balance sheet at 30th September 2020.

Contingent liabilities in respect of associates

There were no contingent liabilities relating to the Group's interests in associates at 31st December 2021 and 2020.

(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

There were no commitments and contingent liabilities relating to the Group's interests in joint ventures at 31st December 2021 and 2020.

13. Other Investments

	2021	2020
	US$m	US$m
Movements during the year:		
At 1st January	**6.0**	6.8
Addition	**5.0**	–
Change in fair value recognised in profit and loss	**0.5**	(0.8)
At 31st December	**11.5**	6.0

Other investments are unlisted non-current equity investments measured at fair value through profit and loss.

14. Debtors

	2021	2020
	US$m	US$m
Trade debtors		
Third parties	**84.6**	86.2
Joint ventures	**0.3**	0.1
	84.9	86.3
Less: provision for impairment	**(2.7)**	(8.5)
	82.2	77.8
Other debtors		
Third parties	**267.5**	345.0
Less: provision for impairment	**(4.5)**	(4.4)
	263.0	340.6
	345.2	418.4
Non-current	**113.2**	114.8
Current	**232.0**	303.6
	345.2	418.4

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:

	2021	2020
	US$m	US$m
Derivative financial instruments	**10.5**	1.2
Rental and other deposits	**155.9**	164.3
Other receivables	**15.0**	21.1
Financial assets	**181.4**	186.6
Prepayments	**48.5**	53.9
Other	**33.1**	100.1
	263.0	340.6

14. Debtors continued

Trade and other debtors

Sales to customers are mainly made in cash or by major credit cards. The average credit period on sale 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 2021, trade debtors of US$2.7 million *(2020: US$8.5 million)* were impaired, which have been fully provided for in both years. The ageing analysis of these debtors is as follows:

	Trade debtors	
	2021	2020
	US$m	US$m
Below 30 days	**0.2**	2.6
Between 31 and 60 days	**–**	–
Between 61 and 90 days	**–**	–
Over 90 days	**2.5**	5.9
	2.7	8.5

The Group has assessed the expected impairment of other debtors, including rental and other deposits, based on the likelihood of collection of the balances at the time at which they are due. As 31st December 2021 and 2020, total amounts deemed uncollectible were immaterial.

Movements in the provisions for impairment are as follows:

	Trade debtors		**Other debtors**	
	2021	2020	**2021**	2020
	US$m	US$m	**US$m**	US$m
At 1st January	**(8.5)**	(7.4)	**(4.4)**	(2.5)
Exchange differences	**0.1**	(0.1)	**0.1**	(0.1)
Additional provisions	**–**	(2.3)	**(3.6)**	(3.8)
Unused amounts reversed	**5.7**	1.3	**2.9**	1.0
Amounts written off	**–**	–	**0.5**	1.0
At 31st December	**(2.7)**	(8.5)	**(4.5)**	(4.4)

There were no debtors pledged as security for borrowings at 31st December 2021 and 2020.

15. Deferred Tax Assets/(Liabilities)

	Accelerated tax depreciation US$m	Fair value gains/ (losses) US$m	Employee benefits US$m	Provisions and other temporary differences US$m	Total US$m
2021					
At 1st January	(31.0)	0.4	3.7	(1.9)	**(28.8)**
Exchange differences	0.7	–	(0.1)	(0.1)	**0.5**
Credited/(charged) to profit and loss	8.7	–	1.0	(3.9)	**5.8**
Charged to other comprehensive income	–	(3.3)	(3.5)	–	**(6.8)**
At 31st December	**(21.6)**	**(2.9)**	**1.1**	**(5.9)**	**(29.3)**
Deferred tax assets	3.8	(2.9)	3.3	10.5	**14.7**
Deferred tax liabilities	(25.4)	–	(2.2)	(16.4)	**(44.0)**
	(21.6)	**(2.9)**	**1.1**	**(5.9)**	**(29.3)**
2020					
At 1st January	(13.3)	(1.5)	7.4	(9.3)	(16.7)
Exchange differences	0.3	0.1	0.1	0.3	0.8
(Charged)/credited to profit and loss	(15.4)	–	0.9	5.1	(9.4)
Credited/(charged) to other comprehensive income	–	1.8	(2.7)	–	(0.9)
Disposal of subsidiaries	(2.6)	–	(2.0)	2.0	(2.6)
At 31st December	(31.0)	0.4	3.7	(1.9)	(28.8)
Deferred tax assets	8.7	2.3	0.5	4.0	15.5
Deferred tax liabilities	(39.7)	(1.9)	3.2	(5.9)	(44.3)
	(31.0)	0.4	3.7	(1.9)	(28.8)

15. 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$90.0 million *(2020: US$75.7 million)* arising from unused tax losses of US$391.0 million *(2020: US$328.2 million)* have not been recognised in the financial statements. Included in the unused tax losses, US$28.5 million have no expiry date and the balance will expire at various dates up to and including 2031.

At 31st December 2021 and 2020, 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.

16. Pension Plans

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

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

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

	2021 US$m	2020 US$m
Fair value of plan assets	**197.5**	187.9
Present value of funded obligations	**(187.4)**	(194.7)
	10.1	(6.8)
Present value of unfunded obligations	**(4.3)**	(6.6)
Net pension assets/(liabilities)	**5.8**	(13.4)
Analysis of net pension assets/(liabilities):		
Pension assets	**13.3**	–
Pension liabilities	**(7.5)**	(13.4)
	5.8	(13.4)

16. Pension Plans continued

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

	Fair value of plan assets US$m	Present value of obligations US$m	Total US$m
2021			
At 1st January	187.9	(201.3)	**(13.4)**
Current service cost	–	(15.8)	**(15.8)**
Interest income/(expense)	3.5	(3.8)	**(0.3)**
Past service cost	–	(23.7)	**(23.7)**
Administration expenses	(0.8)	–	**(0.8)**
	2.7	(43.3)	**(40.6)**
	190.6	(244.6)	**(54.0)**
Exchange differences	(1.2)	1.2	**–**
Remeasurements			
– return on plan assets, excluding amounts included in interest income	14.3	–	**14.3**
– change in financial assumptions	–	5.0	**5.0**
– experience gains	–	2.8	**2.8**
	14.3	7.8	**22.1**
Contributions from employers	9.1	–	**9.1**
Contributions from plan participants	0.1	(0.1)	**–**
Benefit payments	(16.3)	16.6	**0.3**
Settlements	–	28.3	**28.3**
Transfer from/(to) other plans	0.9	(0.9)	**–**
At 31st December	**197.5**	**(191.7)**	**5.8**
2020			
At 1st January	183.2	(214.5)	(31.3)
Current service cost	–	(17.7)	(17.7)
Interest income/(expense)	5.3	(5.9)	(0.6)
Past service cost	–	(3.9)	(3.9)
Administration expenses	(1.1)	–	(1.1)
	4.2	(27.5)	(23.3)
	187.4	(242.0)	(54.6)
Exchange differences	1.4	(1.9)	(0.5)
Disposal of subsidiaries	(10.1)	18.3	8.2
Remeasurements			
– return on plan assets, excluding amounts included in interest income	13.1	–	13.1
– change in financial assumptions	–	(1.0)	(1.0)
– experience gains	–	4.2	4.2
	13.1	3.2	16.3
Contributions from employers	12.4	–	12.4
Contributions from plan participants	0.1	(0.1)	–
Benefit payments	(1.1)	1.4	0.3
Settlements	(14.1)	18.6	4.5
Transfer (to)/from other plans	(1.2)	1.2	–
At 31st December	187.9	(201.3)	(13.4)

16. Pension Plans continued

The weighted average duration of the defined benefit obligations at 31st December 2021 was 6.7 years *(2020: 7.1 years)*.

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

	2021 **US$m**	2020 US$m
Within one year	**18.8**	17.1
Between one and two years	**21.3**	19.6
Between two and five years	**64.1**	65.3
Between five and ten years	**97.8**	103.7
Between ten and fifteen years	**89.2**	96.6
Between fifteen and twenty years	**56.1**	58.3
Beyond twenty years	**39.5**	46.7
	386.8	407.3

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

	Hong Kong		**Indonesia**		**Taiwan**		**The Philippines**	
	2021 **%**	2020 %	**2021** **%**	2020 %	**2021** **%**	2020 %	**2021** **%**	2020 %
Discount rate	**2.4**	1.9	**6.3**	6.3	**0.8**	0.5	**5.1**	4.0
Salary growth rate	**3.8**	3.8	**3.0**	4.2	**2.8**	2.1	**4.0**	4.0

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

		(Increase)/decrease on defined benefit obligations	
	Change in assumption **%**	**Increase in assumption** **US$m**	**Decrease in assumption** **US$m**
Discount rate	**1**	**12.0**	**(13.5)**
Salary growth rate	**1**	**(13.0)**	**11.8**

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.

16. Pension Plans continued

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

	2021	2020
	US$m	US$m
Investment funds		
Asia Pacific	**44.8**	51.3
Europe	**39.7**	35.1
North America	**98.6**	79.0
Global	**13.0**	18.8
Total investments	**196.1**	184.2
Cash and cash equivalents	**13.4**	14.5
Benefits payable and other	**(12.0)**	(10.8)
	197.5	187.9

At 31st December 2021, 87% *(2020: 92%)* of investment funds were quoted on active markets.

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

At 31st December 2021, the Hong Kong plans had assets of US$194.5 million *(2020: US$185.3 million)*.

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2021 were US$9.1 million and the estimated amounts of contributions expected to be paid to all its plans in 2022 are US$8.9 million.

17. Cash and Bank Balances

	2021 US$m	2020 US$m
Deposits with banks	**44.5**	89.7
Bank balances	**49.5**	81.0
Cash balances	**116.4**	106.9
	210.4	277.6
Analysis by currency:		
Chinese renminbi	**15.5**	14.8
Hong Kong dollar	**89.9**	87.9
Indonesian rupiah	**12.3**	19.3
Macau pataca	**22.0**	40.4
Malaysian ringgit	**5.6**	8.5
New Taiwan dollar	**36.2**	76.0
Singapore dollar	**12.2**	13.4
United States dollar	**12.3**	11.5
Other	**4.4**	5.8
	210.4	277.6

The weighted average interest rate on deposits with banks at 31st December 2021 was 0.1% *(2020: 0.4%)* per annum.

18. Non-current Assets Held for Sale

At 31st December 2021, the non-current assets held for sale represented 18 properties in Indonesia, three properties in Hong Kong and one retail property in Malaysia. The sale of these properties is highly probable in 2022.

At 31st December 2020, the non-current assets held for sale represented six retail properties in Malaysia and three retail properties in Taiwan. These properties were sold during the year at a profit of US$5.5 million.

19. Creditors

	2021 **US$m**	2020 US$m
Trade creditors		
– third parties	**1,177.8**	1,174.9
– associates	**3.2**	2.5
– joint ventures	**0.2**	–
	1,181.2	1,177.4
Accruals	**661.0**	707.0
Rental and other refundable deposits	**31.9**	28.9
Derivative financial instruments	**0.4**	13.0
Other creditors	**14.0**	12.4
Financial liabilities	**1,888.5**	1,938.7
Contract liabilities	**202.7**	160.4
Rental income received in advance	**1.2**	0.6
Other	**0.3**	4.0
	2,092.7	2,103.7
Non-current	**11.4**	43.2
Current	**2,081.3**	2,060.5
	2,092.7	2,103.7

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

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

During the year, sales recognised related to brought-forward contract liabilities amounted to US$146.7 million *(2020: US$134.3 million)*.

20. Borrowings

	2021 **US$m**	2020 US$m
Current		
– bank overdrafts	**0.4**	43.4
– other bank advances	**688.4**	568.1
	688.8	611.5
Current portion of long-term borrowings		
– bank loans	**24.4**	213.0
– other loans	**30.3**	27.5
	54.7	240.5
Long-term borrowings		
– bank loans	**310.8**	214.7
– other loans	**–**	27.6
	310.8	242.3
	1,054.3	1,094.3

20. Borrowings continued

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

Other loans represented the balance drawn from the interest-free loan facility offered by the Singapore government via Singapore Economic Development Board to the Group in 2020 in response to the COVID-19 pandemic with the aim to ensure sufficient supply of essential food commodities and confidence markers as and when required by the government for the nation's consumption within an agreed time frame.

The Group's borrowings are further summarised as follows:

	Fixed rate borrowings					
	Weighted average interest rates	**Weighted average period outstanding**		**Floating rate borrowings**	**Other borrowings**	**Total**
By currency	**%**	**Year**	**US$m**	**US$m**	**US$m**	**US$m**
2021						
Chinese renminbi	4.1	–	–	27.9	–	**27.9**
Hong Kong dollar	0.7	0.1	189.8	161.8	–	**351.6**
Indonesia rupiah	5.9	–	–	134.6	–	**134.6**
Malaysian ringgit	3.6	–	–	209.7	–	**209.7**
Singapore dollar	–	–	–	0.4	30.3	**30.7**
United States dollar	0.6	0.2	299.8	–	–	**299.8**
			489.6	**534.4**	**30.3**	**1,054.3**
2020						
Chinese renminbi	4.4	–	–	46.8	–	46.8
Hong Kong dollar	1.0	–	–	365.3	–	365.3
Indonesia rupiah	6.9	–	–	38.2	–	38.2
Malaysian ringgit	2.9	–	–	212.0	–	212.0
New Taiwan dollar	1.3	–	–	64.1	–	64.1
Singapore dollar	–	–	–	–	55.1	55.1
United States dollar	0.7	0.2	100.0	212.8	–	312.8
			100.0	939.2	55.1	1,094.3

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

20. 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:

	2021 US$m	2020 US$m
Floating rate borrowings	**534.4**	939.2
Fixed rate borrowings		
– within one year	**489.6**	100.0
	1,024.0	1,039.2

The movements in borrowings are as follows:

	Bank overdrafts US$m	**Short-term borrowings US$m**	**Long-term borrowings US$m**	**Total US$m**
2021				
At 1st January	43.4	808.6	242.3	**1,094.3**
Exchange differences	0.3	(9.7)	(0.3)	**(9.7)**
Transfer	–	27.1	(27.1)	**–**
Change in fair value	–	1.2	–	**1.2**
Change in bank overdrafts	(43.3)	–	–	**(43.3)**
Drawdown of borrowings	–	663.0	585.3	**1,248.3**
Repayment of borrowings	–	(818.8)	(489.4)	**(1,308.2)**
Net increase in other short-term borrowings	–	88.7	–	**88.7**
Others	–	(17.0)	–	**(17.0)**
At 31st December	**0.4**	**743.1**	**310.8**	**1,054.3**
2020				
At 1st January	13.1	925.1	184.0	1,122.2
Exchange differences	2.4	9.8	4.3	16.5
Transfer	–	201.4	(201.4)	–
Change in fair value	–	–	(1.6)	(1.6)
Change in bank overdrafts	27.9	–	–	27.9
Drawdown of borrowings	–	858.9	257.0	1,115.9
Repayment of borrowings	–	(918.5)	–	(918.5)
Net decrease in other short-term borrowings	–	(268.1)	–	(268.1)
At 31st December	43.4	808.6	242.3	1,094.3

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

21. Lease Liabilities

	2021 US$m	2020 US$m
At 1st January	**3,070.4**	3,305.8
Exchange differences	**(23.0)**	62.9
Additions	**106.7**	191.6
Disposal of subsidiaries	**–**	(111.2)
Modifications to lease terms	**478.2**	327.8
Lease payments	**(762.3)**	(817.5)
Interest expense	**90.3**	111.0
At 31st December	**2,960.3**	3,070.4
Non-current	**2,320.0**	2,386.3
Current	**640.3**	684.1
	2,960.3	3,070.4

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 2021 and 2020.

The Group has not entered into any material lease contracts which have not commenced at 31st December 2021 and 2020.

22. Provisions

	Closure cost provisions US$m	Reinstatement and restoration costs US$m	Total US$m
2021			
At 1st January	14.0	139.8	**153.8**
Exchange differences	(0.2)	(1.7)	**(1.9)**
Additional provisions	31.2	4.2	**35.4**
Unused amounts reversed	(8.4)	(0.9)	**(9.3)**
Utilised	(22.6)	(3.2)	**(25.8)**
At 31st December	**14.0**	**138.2**	**152.2**
Non-current	0.1	102.9	**103.0**
Current	13.9	35.3	**49.2**
	14.0	**138.2**	**152.2**
2020			
At 1st January	28.5	152.6	181.1
Exchange differences	(0.3)	1.4	1.1
Additional provisions	14.2	4.2	18.4
Disposal of subsidiaries	(0.3)	(5.7)	(6.0)
Unused amounts reversed	(13.5)	(8.5)	(22.0)
Utilised	(14.6)	(4.2)	(18.8)
At 31st December	14.0	139.8	153.8
Non-current	0.1	109.9	110.0
Current	13.9	29.9	43.8
	14.0	139.8	153.8

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.

23. Share Capital

	2021 **US$m**	2020 US$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			
	2021	2020	**2021** **US$m**	2020 US$m
Issued and fully paid:				
Ordinary shares of US¢5 5/9 each				
At 1st January	**1,352.7**	1,352.7	**75.1**	75.1
Issue under share-based long-term incentive plans	**0.2**	–	**0.1**	–
At 31st December	**1,352.9**	1,352.7	**75.2**	75.1

24. 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 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. Under these awards, free shares are received by the participants to the extent the award vests. Conditions, if any, are at the discretion of the Directors. There were no share awards granted in 2021 and 2020.

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 during the year. The fair value of options granted in 2020, determined using the trinomial valuation model, was US$0.1 million. The significant inputs into the model, based on the number of options issued, were share price of US$4.46 at the grant date, exercise price of US$5.93, expected volatility based on the last five years of 24.21%, dividend yield of 4.33%, option life of six years, and annual risk-free interest rate of 0.35%. Options are assumed to be exercised at the end of the fifth year following the date of grant.

24. Share-based Long-term Incentive Plans continued

Movements of the outstanding conditional awards during the year:

	Conditional awards in millions	
	2021	2020
At 1st January	**0.6**	0.6
Released	**(0.2)**	–
At 31st December	**0.4**	0.6

Outstanding conditional awards at 31st December:

	Conditional awards in millions	
Awards vest date	**2021**	2020
2021	**–**	0.2
2022	**0.2**	0.2
2023	**0.2**	0.2
Total outstanding	**0.4**	0.6

Movements of the outstanding options during the year:

	2021		2020	
	Weighted average exercise price US$	**Options in millions**	Weighted average exercise price US$	Options in millions
At 1st January	**8.4746**	**1.3**	8.5014	1.7
Granted	**–**	**–**	5.9320	0.4
Lapsed	**–**	**–**	7.3315	(0.8)
At 31st December	**8.4746**	**1.3**	8.4746	1.3

The average share price during the year was US$3.91 *(2020: US$4.51)* per share.

24. Share-based Long-term Incentive Plans continued

Outstanding options at 31st December:

Expiry date	Exercise price US$	Options in millions 2021	2020
2023	12.1580	**0.2**	0.2
2026	5.9320	**0.4**	0.4
2027	8.9060	**0.7**	0.7
Total outstanding		**1.3**	1.3
of which exercisable		**1.3**	1.3

A new LTIP 2018-2022 was adopted by the Company on 5th December 2018. The cash-settled scheme has been designed to align management's reward with shareholders' interests, over a five-year period, while also considering how management delivers earnings growth. This scheme is aimed at investing in new people capabilities as well as retaining high potential individuals for stronger succession planning. The scheme has been designed to appropriately compensate, attract and retain experienced senior management. During the year, the performance period of the scheme was extended by one year to 2023.

The scheme will be predominantly measured based on compound growth in underlying earnings per share. To ensure that the growth is delivered appropriately, another measure based on health of business (focused on areas such as quality of earnings and balance sheet strength) is also incorporated. Finally, a sustainability check will be applied after the end of the measurement period to ensure that the results are sustainable.

25. Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2021			
At 1st January	34.1	25.5	**59.6**
Share-based long-term incentive plans			
– value of employee services	–	0.7	**0.7**
– share options exercised	(0.1)	–	**(0.1)**
Transfer	1.6	(1.6)	**–**
At 31st December	**35.6**	**24.6**	**60.2**
2020			
At 1st January	34.1	25.1	59.2
Share-based long-term incentive plans			
– value of employee services	–	1.2	1.2
– share options lapsed	–	(0.8)	(0.8)
At 31st December	34.1	25.5	59.6

25. Share Premium and Capital Reserves continued

Capital reserves comprise contributed surplus of US$20.1 million *(2020: US$20.1 million)* and other reserves of US$4.5 million *(2020: US$5.4 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.

26. Dividends

	2021 **US$m**	2020 US$m
Final dividend in respect of 2020 of US¢11.50 *(2019: US¢14.50)* per share	**155.6**	196.1
Interim dividend in respect of 2021 of US¢3.00 *(2020: US¢5.00)* per share	**40.6**	67.7
	196.2	263.8

A final dividend in respect of 2021 of US¢6.50 *(2020: US¢11.50)* per share amounting to a total of US$87.9 million *(2020: US$155.6 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2022 Annual General Meeting. This amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2022.

27. Non-controlling Interests

Summarised financial information on a subsidiary with material non-controlling interests

The following is the summarised financial information for PT Hero, a subsidiary with non-controlling interests that is material to the Group.

Summarised balance sheet at 31st December:

	2021 **US$m**	2020 US$m
Current		
Assets	**176.1**	106.9
Liabilities	**(227.9)**	(166.1)
Total current net liabilities	**(51.8)**	(59.2)
Non-current		
Assets	**233.9**	180.3
Liabilities	**(140.2)**	(39.9)
Total non-current net assets	**93.7**	140.4
Net assets	**41.9**	81.2
Non-controlling interests	**(8.6)**	(10.4)

27. Non-controlling Interests continued

Summarised financial information on a subsidiary with material non-controlling interests continued

Summarised statement of comprehensive income for the year ended 31st December:

	2021 US$m	2020 US$m
Sales	**242.7**	607.2
Loss after tax from underlying business performance	**(23.0)**	(36.0)
Loss after tax from non-trading items	**(13.9)**	(65.1)
Loss after tax	**(36.9)**	(101.1)
Other comprehensive expense	**(3.4)**	(6.1)
Total comprehensive expense	**(40.3)**	(107.2)
Total comprehensive expense allocated to non-controlling interests	**(5.9)**	(13.6)
Dividends paid to non-controlling interests	**–**	–

Summarised cash flows for the year ended 31st December:

	2021 US$m	2020 US$m
Cash used in operations	**(31.1)**	(17.7)
Interest received	**0.1**	0.1
Interest and other financing charges paid	**(5.8)**	(1.9)
Tax (paid)/received	**(9.4)**	1.1
Cash flows from operating activities	**(46.2)**	(18.4)
Cash flows from investing activities	**(4.0)**	(11.0)
Cash flows from financing activities	**62.9**	17.1
Net increase/(decrease) in cash and cash equivalents	**12.7**	(12.3)
Cash and cash equivalents at 1st January	**(0.8)**	12.1
Effect of exchange rate changes	**(0.1)**	(0.6)
Cash and cash equivalents at 31st December	**11.8**	(0.8)

The information above is the amount before intercompany eliminations.

28. 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:

	2021 US$m	2020 US$m
North Asia	**3,874.6**	3,914.4
Southeast Asia	**2,252.5**	2,406.7
At 31st December	**6,127.1**	6,321.1

29. Notes to Consolidated Cash Flow Statement

	2021 US$m	2020 US$m
(a) Depreciation and amortisation		
Food	**598.9**	652.7
– Grocery retail	**347.4**	406.8
– Convenience stores	**251.5**	245.9
Health and Beauty	**176.4**	222.6
Home Furnishings	**93.1**	86.5
Selling, general and administrative expenses	**17.3**	21.6
	885.7	983.4
(b) Other non-cash items		
By nature:		
Profit on sale of businesses	**–**	(75.2)
(Profit)/loss on sale of tangible and intangible assets	**(21.8)**	7.7
Change in fair value of equity investments	**(0.5)**	0.8
Impairment of tangible and intangible assets	**6.3**	73.2
Impairment of right-of-use assets	**–**	47.6
Write down of stocks	**6.8**	16.3
Reversal of write down of stocks	**(12.3)**	(1.3)
Change in provisions	**24.7**	(5.3)
Gain on lease modification and termination	**(25.2)**	(13.1)
Share-based payment	**0.7**	1.2
Bad debt written off	**0.8**	–
Fair value loss on fair value hedges	**0.2**	–
Rent concessions received	**(43.4)**	(68.5)
Notional interest expense on other loans	**1.2**	0.8
Amortisation of government grant on other loans	**(1.2)**	(0.8)
	(63.7)	(16.6)
(c) Increase in working capital		
(Increase)/decrease in stocks	**(7.4)**	52.1
Decrease/(increase) in debtors	**55.0**	(4.4)
Decrease in creditors	**(58.0)**	(149.8)
	(10.4)	(102.1)

29. Notes to Consolidated Cash Flow Statement continued

(d) Purchase of a subsidiary
Net cash outflow for purchase of a subsidiary of US$21.4 million in 2020 represented the settlement of deferred consideration for the Group's acquisition of the 100% interest in San Miu Supermarket Limited, a supermarket chain in Macau, in 2015.

(e) Purchase of associates and joint ventures in 2021 mainly related to the capital injection of US$1.6 million in the Group's health and beauty business in Vietnam.

Purchase in 2020 mainly related to capital injections of US$15.0 million in a newly established digital joint venture to support the Group's e-commerce development and drive its digital innovation, and US$3.3 million in the Group's newly set up health and beauty joint venture in Thailand.

(f) Purchase of other investments in December 2021 mainly related to the Group's investment in Pickupp Limited, a delivery platform founded in Hong Kong.

(g) Sale of subsidiaries

	2020 US$m
Intangible assets	109.5
Tangible assets	31.1
Right-of-use assets	105.1
Non-current debtors	8.3
Deferred tax assets	2.6
Current assets	105.6
Current liabilities	(111.2)
Non-current liabilities	(94.5)
Net assets disposed of	156.5
Release of exchange reserves	(16.9)
Profit on disposals	75.2
Net sale proceeds	214.8
Cash and cash equivalents of the subsidiaries disposed of	(35.1)
Costs payable	13.4
Net cash inflows	193.1

In October 2020, the Group deepened its strategic partnership with Robinsons Retail, an associate of the Group, by disposing of its 100% interest in Rose Pharmacy, operating a health and beauty chain in the Philippines, to a subsidiary of Robinsons Retail, for a net cash inflow of US$83.8 million.

In December 2020, the Group disposed of its 100% interest in Wellcome Taiwan, operating a supermarket chain in Taiwan, to a third party, for a net cash inflow of US$109.3 million.

29. Notes to Consolidated Cash Flow Statement continued

(h) Sale of properties
Sale of properties in 2021 mainly related to disposal of six properties in Malaysia, three properties in Taiwan, two properties in Hong Kong and two properties in Indonesia for a total cash consideration of US$86.3 million.

Sale of properties in 2020 related to disposal of a property in Malaysia.

(i) Change in interest in a subsidiary
In 2020, the Group acquired an additional 0.8% interest in PT Hero for a total consideration of US$1.9 million.

(j) Cash outflows for leases

	2021 US$m	2020 US$m
Lease rentals paid	**(762.3)**	(817.5)
Additions to right-of-use assets	**–**	–
	(762.3)	(817.5)
The above cash outflows are included in		
– operating activities	**(90.3)**	(111.0)
– investing activities	**–**	–
– financing activities	**(672.0)**	(706.5)
	(762.3)	(817.5)

(k) Analysis of balances of cash and cash equivalents

	2021 US$m	2020 US$m
Cash and bank balances *(note 17)*	**210.4**	277.6
Bank overdrafts *(note 20)*	**(0.4)**	(43.4)
	210.0	234.2

30. Derivative Financial Instruments

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

	2021		2020	
	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	**5.4**	**0.2**	1.2	12.6
– interest rate swaps	**5.1**	**–**	–	0.4
	10.5	**0.2**	1.2	13.0
Designated as fair value hedges				
– forward foreign exchange contracts	**–**	**0.2**	–	–
	–	**0.2**	–	–

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2021 were US$945.5 million *(2020: US$761.6 million)*.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts at 31st December 2021 were US$489.6 million *(2020: US$100.0 million)* and the fixed interest rates relating to interest rate swaps varied from 0.39% to 0.67% *(2020: 0.39%)* per annum.

The fair values of interest rate swaps were based on the estimated cash flows discounted at market rate at 0.2% *(2020: 2.4%)* per annum.

The Group has aggregated notional principal and contract amounts of US$199.8 million *(2020: US$100.0 million)* in interest rate swaps referencing to US$ LIBOR that will expire beyond 30th June 2023, the cessation date of US$ LIBOR.

31. Commitments

	2021	2020
	US$m	US$m
Capital commitments		
Authorised not contracted	**142.0**	89.0
Contracted not provided	**32.6**	48.5
	174.6	137.5

In addition, the Group entered into an agreement to subscribe a five-year convertible bond of Pickupp Limited with a principal of US$10.0 million in November 2021. The transaction was completed in January 2022.

Operating lease commitments for short-term and low-value asset leases which were due within one year amounted to US$15.2 million at 31st December 2021 *(2020: US$3.1 million)*.

Total future sublease payments receivable amounted to US$16.6 million at 31st December 2021 *(2020: US$29.3 million)*.

32. 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.

33. Related Party Transactions

Jardine Strategic Limited ('JSL') became the parent company of the Group following the completion of the simplification of the Group's parent company structure in April 2021. Jardine Strategic Holdings Limited and JMH Bermuda Limited, a wholly-owned subsidiary of the Group's ultimate parent company, Jardine Matheson Holdings Limited ('JMH'), amalgamated under the Bermuda Companies Act to form JSL, a wholly-owned subsidiary of JMH. Both JMH and JSL 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.

Under the terms of a Management Services Agreement, the management fee payable by the Group was US$0.5 million *(2020: US$1.4 million)* to Jardine Matheson Limited ('JML'), a wholly-owned subsidiary of JMH, based on 0.5% of the Group's profit attributable to shareholders in consideration for certain management consultancy services provided by JML. The Group also paid directors' fees of US$0.3 million in 2021 *(2020: US$0.4 million)* to JML.

The Group rents properties from Hongkong Land Holdings Limited ('HKL'), a subsidiary of JMH. The lease payments paid by the Group to HKL in 2021 were US$2.7 million *(2020: US$2.6 million)*. The Group's 50%-owned associate, Maxim's, also paid lease payments of US$10.6 million *(2020: US$10.2 million)* to HKL in 2021.

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 2021 amounted to US$2.9 million *(2020: US$1.2 million)*.

33. Related Party Transactions continued

Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. In 2021, these amounted to US$33.8 million *(2020: US$28.8 million)*.

The Group's newly established digital joint venture, Retail Technology group, implements point-of-sale system and provides consultancy services to the Group. The total fees paid by the Group to Retail Technology group in 2021 amounted to US$5.0 million *(2020: nil)*.

In October 2020, the Group disposed of its 100% interest in Rose Pharmacy to its associate, Robinsons Retail, and a loss of US$22.0 million was recognised.

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 2021 and 2020 are immaterial, unsecured, and have no fixed terms of repayment.

Details of Directors' remuneration (being key management personnel compensation) are shown on page 146 under the heading of 'Remuneration Outcomes in 2021'.

34. 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.

	2021 **US$m**	2020 US$m
Subsidiaries, at cost less provision*	**556.8**	473.7
Current liabilities	**(3.8)**	(2.5)
Net operating assets	**553.0**	471.2
Share capital *(note 23)*	**75.2**	75.1
Share premium and capital reserves *(note 25)*	**60.2**	59.6
Revenue and other reserves	**417.6**	336.5
Shareholders' funds	**553.0**	471.2

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

35. Principal Subsidiaries

The Group's principal subsidiaries at 31st December 2021 are set out below:

Company name	Country of incorporation	Nature of business	Attributable interests 2021 %	Attributable interests 2020 %	Proportion of ordinary shares and voting powers at 31st December 2021 held by the Group %	Proportion of ordinary shares and voting powers at 31st December 2021 held by non-controlling interests %
Dairy Farm Management Limited†	Bermuda	Holding	**100**	100	**100**	**–**
Dairy Farm Management Services Limited†	Bermuda	Group management	**100**	100	**100**	**–**
DFI Treasury Limited†	British Virgin Islands	Treasury	**100**	100	**100**	**–**
DFI (China) Commercial Investment Holding Company Ltd	Chinese mainland	Investment holding	**100**	100	**100**	**–**
Guangdong Sai Yi Convenience Stores Limited	Chinese mainland	Convenience stores	**65**	65	**65**	**35**
Mannings Guangdong Retail Company Limited	Chinese mainland	Health and beauty stores	**100**	100	**100**	**–**
The Dairy Farm Company, Limited	Hong Kong	Investment holding, grocery retail, convenience, health and beauty and home furnishings stores	**100**	100	**100**	**–**
Wellcome Company Limited	Hong Kong	Property and food processing	**100**	100	**100**	**–**
San Miu Supermarket Limited	Macau	Grocery retail stores	**100**	100	**100**	**–**
DFI Home Furnishings Taiwan Limited	Taiwan	Home furnishings stores	**100**	100	**100**	**–**
GCH Retail (Malaysia) Sdn. Bhd.	Malaysia	Grocery retail stores	**85**	85	**70**	**30**
Guardian Health And Beauty Sdn. Bhd.	Malaysia	Health and beauty stores	**100**	100	**100**	**–**
PT Hero Supermarket Tbk	Indonesia	Investment holding, grocery retail and health and beauty stores	**89**	89	**89**	**11**
PT Rumah Mebel Nusantara	Indonesia	Home furnishings stores	**89**	89	**89**	**11**
Guardian Health And Beauty (B) Sdn. Bhd.	Brunei	Health and beauty stores	**100**	100	**100**	**–**
Cold Storage Singapore (1983) Pte Limited	Singapore	Grocery retail, convenience and health and beauty stores	**100**	100	**100**	**–**
DFI Lucky Private Limited	Cambodia	Grocery retail and health and beauty stores	**70**	70	**70**	**30**

All subsidiaries are included in the consolidation.

Attributable interests represent the proportional holdings of the Company, held directly or through its subsidiaries, in the issued share capitals 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.

36. Principal Accounting Policies

Basis of consolidation

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

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

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

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

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

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

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

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

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

36. Principal Accounting Policies continued

Foreign currencies

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

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

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries, associates and joint ventures, and of financial instruments which are designated as hedges of such investments, are recognised in other comprehensive income and accumulated in equity under exchange reserves. On the disposal of these investments, such exchange differences are recognised in profit and loss. 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.

36. Principal Accounting Policies continued

Tangible assets and depreciation

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

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

Freehold buildings	25 to 40 years
Buildings on leasehold land	Shorter of the lease term or useful life
Leasehold improvements	Shorter of unexpired lease term or useful life
Plant and machinery	3 to 15 years
Furniture, equipment and motor vehicles	3 to 7 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.

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.

As a lessee, the Group enters into property leases for use as retail stores, distribution centres and offices. The Group recognises right-of-use assets and lease liabilities at the lease commencement dates, that is the dates the underlying assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes amounts of the initial measurement of lease liabilities recognised, lease payments made at or before the commencement dates less any lease incentives received, initial direct costs incurred and restoration costs. Right-of-use assets are depreciated using the straight-line method over the shorter of their estimated useful lives and the lease terms.

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

36. Principal Accounting Policies continued

Leases continued

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 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 or loss if the carrying amount of right-of-use asset has been reduced to zero.

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.

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 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.

36. Principal Accounting Policies continued

Debtors

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

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

Cash and cash equivalents

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

Provisions

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

Borrowings and borrowing costs

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

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

Current and deferred tax

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

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

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

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

36. Principal Accounting Policies continued

Employee benefits

(i) Pension obligations

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the year in which they occur.

Past service costs are recognised immediately in profit and loss.

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

(ii) Share-based compensation

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

Non-current assets held for sale

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

Derivative financial instruments

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

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

36. Principal Accounting Policies continued

Derivative financial instruments continued

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

Changes in the fair value of derivatives that are designated and qualified as cash flow hedges and that are highly effective, are recognised in other comprehensive income and accumulated in equity under hedging reserves. Changes in the fair value relating to the ineffective portion are recognised immediately in profit and loss. Where the hedged item results in the recognition of a non-financial asset or a non-financial liability, the deferred gains and losses are included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in profit and loss as the hedged item affects profit and loss. Otherwise, amounts deferred in hedging reserves are transferred to profit and loss in the same periods during which the hedged firm commitment or forecasted transaction affects profit and loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit and loss within finance cost 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 investments which are measured at fair value through profit and loss; gains and losses arising from the sale of businesses, investments and properties; impairment of non-depreciable intangible assets, properties, associates and joint ventures, and other investments; provisions for the closure of businesses; acquisition-related costs in business combinations; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into underlying business performance.

36. Principal Accounting Policies continued

Earnings per share

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

Dividends

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

Sales recognition

Sales consist of the fair value of goods sold to customers, net of returns, discounts and sales related taxes. These do not include sales generated by associates and joint ventures. Sale of goods is recognised at the point of sale, when the control of the asset is transferred to customers, and is recorded at the net amount received from customers.

Buying income

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

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

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

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

Government grants

Grants from government are recognised at their fair values where there is reasonable assurance that the grants will be received, and the Group will comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred are recognised in the profit and loss as other income on a systematic basis in the period in which the expenses are recognised. Unconditional grants are recognised in the profit and loss as other income when they become receivable.

Grants related to assets are deducted in arriving at the carrying value of the related assets.

36. Principal Accounting Policies continued

Other operating income

Other operating income primarily comprises income from concessions, service income, rental income, government grants and rent concessions received in relation to the COVID-19 pandemic. Concessions and service income are based on the Group's contractual commission. Rental income is accounted for as earned.

Rent concessions received as a direct consequence of the COVID-19 pandemic are recognised in the profit and loss over the period in which they cover when the specific conditions are met.

Pre-operating costs

Pre-operating costs are expensed as incurred.

37. Standards and Amendments Issued But Not Yet Effective

A number of amendments effective for accounting periods beginning after 2021 have been published and will be adopted by the Group from their respective effective dates. The Group is currently assessing the potential impact of these amendments but expects the adoption will not have a significant impact on the Group's consolidated financial statements. The more important amendments are set out below.

(i) Amendment to IFRS 9: 'Fees in the '10 per cent' Test for Derecognition of Financial Liabilities' (effective from 1st January 2022) clarifies the requirement to derecognise the original financial liability and recognise a new financial liability where there is an exchange between an existing borrower and lender of debt instrument with substantially different terms. The amendment clarifies that the terms are substantially different if the discounted present value of the cash flows under the new terms using the original effective interest rate, including any fees paid net of any fees received, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The Group will apply the amendment from 1st January 2022, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.

(ii) Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (effective from 1st January 2022) clarifies that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group will apply the amendment from 1st January 2022, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.

(iii) Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1st January 2023) requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The Group is assessing the potential impact on the Group's consolidated financial statements.

38. Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group's treasury function co-ordinates financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimise the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, forward foreign exchange contracts and foreign currency options as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group's entity that is directly exposed to the risk being hedged. Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through other comprehensive income and will be recognised in profit and loss when the hedged item affects profit and loss. In general, the volatility in profit or loss can be reduced by applying hedge accounting.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group assesses whether the derivative designated in each hedging relationship has been and expected to be effective in offsetting changes in cash flow of the hedged item using the hypothetical derivative method.

Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated for hedges of foreign currency purchases, or if there are changes in the credit risk of the Group or the derivative counterparty.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, effective economic relationship existed between the swaps and the loans.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

(i) The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;

(ii) Differences in critical terms between the interest rate swaps and loans; and

(iii) The effects of the forthcoming reforms to IBOR, because these might take effect at a different time and have a different impact on the hedged item (the floating-rate debt) and the hedging instrument (the interest rate swap used to hedge the debt).

The ineffectiveness during 2021 and 2020 in relation to interest rate swaps were not material.

38. Financial Risk Management continued

Financial risk factors continued

(i) Market risk

Foreign exchange risk

Entities within the Group are exposed to foreign exchange risk arising from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group uses forward foreign exchange contracts and foreign currency options in a consistent manner to hedge firm and anticipated foreign exchange commitments and manage foreign exchange risk arising from future commercial transactions. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. There are no significant monetary balances held by Group companies at 31st December 2021 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 2021, the Group's fixed rate borrowings were 46% *(2020: 9%)* on the total borrowings, with an average tenor of 0.2 year *(2020: 0.2 year)*. The interest rate profile of the Group's borrowings after taking into account hedging transactions is set out in note 20.

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 30.

Fair value interest rate risk is the risk that the value of a financial asset or liability and derivative financial instruments will fluctuate because of changes in market interest rates. The Group manages its fair value interest rate risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rate to floating rate, to maintain the Group's fixed rate instruments within the Group's guideline.

38. Financial Risk Management continued

Financial risk factors continued

(i) Market risk continued

Interest rate risk continued

At 31st December 2021, 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 *(2020: US$7.7 million)* higher/lower, and hedging reserves would have been US$11.3 million higher/lower *(2020: US$ 2.5 million)*, as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the Malaysian, Hong Kong and Indonesian rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in the fair value of the hedged items caused by interest rate movements balance out in the profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

(ii) Credit risk

The Group's credit risk is primarily attributable to deposits with banks and derivative financial instruments with a positive fair value. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. Similarly, transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios. In developing countries it may be necessary to deposit money with banks that have a lower credit rating, however, the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

Sales to customers are made in cash or by major credit cards. 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.

(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.

38. Financial Risk Management continued

Financial risk factors continued

(iii) Liquidity risk continued

At 31st December 2021, total available borrowing facilities amounted to US$2,938.4 million *(2020: US$3,091.4 million)*, of which US$1,833.6 million *(2020: US$2,074.7 million)* were committed facilities. A total of US$1,054.3 million *(2020: US$1,094.3 million)* from both committed and uncommitted facilities was drawn down. Of the committed facilities, US$400.0 million which are referenced to US$ LIBOR will be expired beyond 30th June 2023, the cessation date of US$ LIBOR. Undrawn committed facilities, in the form of revolving credit facilities, totalled US$1,248.6 million *(2020:US$1,319.0 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 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 2021							
Creditors	1,878.4	8.8	0.4	–	0.1	0.4	**1,888.1**
Borrowings	755.4	48.2	271.0	–	–	–	**1,074.6**
Lease liabilities	716.2	521.8	393.6	305.2	236.0	1,219.6	**3,392.4**
Net-settled derivative financial instruments	–	–	–	–	–	–	**–**
Gross-settled derivative financial instruments							
– inflow	787.6	–	–	–	–	–	**787.6**
– outflow	787.5	–	–	–	–	–	**787.5**
At 31st December 2020							
Creditors	1,885.5	18.8	10.6	10.5	–	0.3	1,925.7
Borrowings	860.7	82.9	103.0	64.8	–	–	1,111.4
Lease liabilities	773.1	587.9	435.8	323.3	246.3	1,192.0	3,558.4
Net-settled derivative financial instruments	–	–	–	–	–	–	–
Gross-settled derivative financial instruments							
– inflow	422.3	–	–	–	–	–	422.3
– outflow	421.8	–	–	–	–	–	421.8

Included in total undiscounted borrowings at 31st December 2021, US$249.8 million *(2020: nil)* are referenced to US$ LIBOR and mature beyond 30th June 2023, the cessation date of US$ LIBOR.

38. 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 2021 and 2020 are as follows:

	2021	2020
Gearing ratio (%)	**67**	61
Interest cover (times)	**8**	15

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.

38. 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 investments are determined using valuation techniques by reference to observable current market transactions or the market prices of the underlying investments with certain degree of entity specific estimates or discounted cash flow by projecting the cash inflows from these investments.

There were no changes in valuation techniques during the year.

The table below analyses financial instruments carried at fair value, by the levels in the fair value measurement hierarchy:

	Observable current market transactions US$m	Unobservable inputs US$m	Total US$m
2021			
Assets			
Other investments			
– equity investments *(note 13)*	6.5	5.0	**11.5**
Derivatives financial instruments at fair value *(note 30)*			
– through other comprehensive income	10.2	–	**10.2**
– through profit and loss	0.3	–	**0.3**
	17.0	**5.0**	**22.0**
Liabilities			
Derivatives financial instruments at fair value *(note 30)*			
– through other comprehensive income	(0.2)	–	**(0.2)**
– through profit and loss	(0.2)	–	**(0.2)**
	(0.4)	**–**	**(0.4)**

38. 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
2020			
Assets			
Other investments			
– equity investments *(note 13)*	6.0	–	6.0
Derivatives financial instruments at fair value *(note 30)*			
– through other comprehensive income	1.1	–	1.1
– through profit and loss	0.1	–	0.1
	7.2	–	7.2
Liabilities			
Derivatives financial instruments at fair value *(note 30)*			
– through other comprehensive income	(12.7)	–	(12.7)
– through profit and loss	(0.3)	–	(0.3)
	(13.0)	–	(13.0)

There were no transfers among the categories during the year ended 31st December 2021 and 2020.

Movements of financial instruments which are valued based on unobservable inputs during the year ended 31st December are as follows:

	Unlisted equity investment	
	2021 US$m	2020 US$m
At 1st January	**–**	–
Addition	**5.0**	–
At 31st December	**5.0**	–

(ii) Financial instruments that are not measured at fair value

The fair values of current debtors, cash and bank balances, current creditors, current borrowings and current lease liabilities are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates. The fair values of non-current lease liabilities are estimated using the expected future payments discounted at market interest rates.

38. Financial Risk Management continued

Fair value estimation continued

Financial instruments by category

The carrying amounts of financial assets and financial liabilities at 31st December 2021 and 2020 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
2021					
Financial assets measured at fair value					
Other investments					
– equity investments	–	11.5	–	–	**11.5**
Derivative financial instruments	10.5	–	–	–	**10.5**
	10.5	**11.5**	**–**	**–**	**22.0**
Financial assets not measured at fair value					
Debtors	–	–	253.1	–	**253.1**
Cash and bank balances	–	–	210.4	–	**210.4**
	–	**–**	**463.5**	**–**	**463.5**
Financial liabilities measured at fair value					
Derivative financial instruments	(0.4)	–	–	–	**(0.4)**
	(0.4)	**–**	**–**	**–**	**(0.4)**
Financial liabilities not measured at fair value					
Borrowings	–	–	–	(1,054.3)	**(1,054.3)**
Lease liabilities	–	–	–	(2,960.3)	**(2,960.3)**
Trade and other payables excluding non-financial liabilities	–	–	–	(1,888.1)	**(1,888.1)**
	–	**–**	**–**	**(5,902.7)**	**(5,902.7)**

38. 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
2020					
Financial assets measured at fair value					
Other investments					
– equity investments	–	6.0	–	–	6.0
Derivative financial instruments	1.2	–	–	–	1.2
	1.2	6.0	–	–	7.2
Financial assets not measured at fair value					
Debtors	–	–	263.2	–	263.2
Cash and bank balances	–	–	277.6	–	277.6
	–	–	540.8	–	540.8
Financial liabilities measured at fair value					
Derivative financial instruments	(13.0)	–	–	–	(13.0)
	(13.0)	–	–	–	(13.0)
Financial liabilities not measured at fair value					
Borrowings	–	–	–	(1,094.3)	(1,094.3)
Lease liabilities	–	–	–	(3,070.4)	(3,070.4)
Trade and other payables excluding non-financial liabilities	–	–	–	(1,925.7)	(1,925.7)
	–	–	–	(6,090.4)	(6,090.4)

The fair values of financial assets and financial liabilities approximate their carrying amounts.

At 31st December 2021, the Group had leases liabilities amounted to US$568.5 million impacted by SOR/SIBOR which were referenced to IBOR with maturities/expiration beyond the cessation of the respective benchmarks.

39. Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable according to circumstances and conditions available. The existing and potential impacts arising from climate change and the COVID-19 pandemic have been considered when applying estimates and assumptions in the preparation of the financial statements, including the Group's assessment of impairment of assets. Given the uncertainty of the impact of COVID-19, the actual results may differ from these accounting estimates.

The estimates and assumptions that have a significant effect on the reported amounts of assets and liabilities, and income and expenses are discussed below.

Acquisition of subsidiaries, associates and joint ventures

The initial accounting on the acquisition of subsidiaries, associates and joint ventures involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. The fair values of tangible assets and right-of-use assets are determined by independent valuers by reference to market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values, and management's ability to measure reliably the contingent liabilities of the acquired entity will impact the carrying amount of these assets and liabilities.

On initial acquisition or acquisition of further interests in an entity, an assessment of the level of control or influence exercised by the Group is required. For entities where the Group has a shareholding of less than 50%, an assessment of the Group's level of voting rights, board representation and other indicators of influence is performed to consider whether the Group has de facto control, requiring consolidation of that entity, or significant influence, requiring classification as an associate, or joint control, requiring classification as a joint venture.

Leases

Liabilities and the corresponding right-of-use assets arising from leases are initially measured at the present value of the lease payments at the commencement date, discounted using the interest rates implicit in the leases, or if that rate cannot be readily determinable, the Group uses the incremental borrowing rate. The Group generally uses the incremental borrowing rate as the discount rate.

The Group applies the incremental borrowing rate with reference to the rate of interest that the Group would have to pay to borrow, over a similar term as that of the lease, the funds necessary to obtain an asset of a similar value to the right-of-use asset in the country where it is located.

Lease payments to be made during the lease term will be included in the measurement of a lease liability. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The assessment of whether the Group is reasonably certain to exercise the options impacts the lease terms, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

39. Critical Accounting Estimates and Judgements continued

Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligations.

Other key assumptions for pension obligations are based in part on current market conditions.

Impairment of assets

The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is determined based on the higher of its fair value less costs to sell and its value-in-use, calculated on the basis of management's assumptions and estimates. Changing the key assumptions, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Provision for deferred tax follows the way management expects to recover or settle the carrying amount of the related assets or liabilities, which the management may expect to recover through use, sale or combination of both. Accordingly, deferred tax will be calculated at income tax rate, capital gains tax rate or combination of both.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

Buying income

The Group receives buying income, including supplier incentives, rebates and discounts, which are deducted from cost of sales on an accrual basis. Management is required to make estimates in determining the expected entitlement which has been earned up to the balance sheet date for each relevant supplier contract and the timing of recognition.

There is limited estimation involved in recognising income for fixed amounts agreed with suppliers.

Non-trading items

The Group uses underlying business performance in its internal financial reporting to distinguish between the underlying profits 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.

39. Critical Accounting Estimates and Judgements continued

Interest rate and benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as US$ LIBOR and other interbank offered rates('IBORs') has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes on some IBORs.

To transition existing contracts and agreements that reference IBORs (including US$ LIBOR) to risk free rates ('RFRs') such as US$ LIBOR to Secured Overnight Financing Rate, adjustments for term differences and credit differences might need to be applied to RFRs, to enable the two benchmark rates to be economically equivalent on transition. The greatest change will be amendments to the contractual terms of the IBORs-referenced floating-rate debt and the associated swap and the corresponding update of the hedge designation. However, the changed reference rate might also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

Group Treasury is managing the IBORs transition plan, which has progressed throughout 2021. GBP LIBOR ceased on 31st December 2021 and all existing contracts and agreements with a reference to GBP LIBOR were transitioned by this date. All material contracts referencing the Singapore Swap Offer Rate had also been transitioned in 2021. US$ LIBOR is expected to cease on 30th June 2023, and the Group's transition plan is on track to ensure conversion of existing US$ LIBOR contracts by the date of cessation.

Relief applied

The Group has applied the following reliefs that were introduced by the amendments made to IFRS 9 Financial Instruments in September 2019 and August 2020:

(i) When considering the 'highly probable' requirement, the Group has assumed that the IBORs interest rate on which the Group's hedged debt is based does not change as a result of IBORs reform.

(ii) In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has assumed that the IBORs interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by IBORs reform.

(iii) The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

(iv) For financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

(v) For lease liabilities where there is a change to the basis for determining the contractual cash flows, the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform.

Assumptions made

In calculating the change in fair value attributable to the hedged risk of floating-rate debt, the Group has made the following assumptions that reflect its current expectations:

(i) The IBORs-referenced floating-rate debt will move to RFRs during 2023 and the spread will be similar to the spread included in the interest rate swap used as the hedging instrument.

(ii) No other changes to the terms of the floating-rate debt are anticipated.

Independent Auditors' Report

To the members of Dairy Farm International Holdings Limited

Report on the audit of the Group financial statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Dairy Farm International Holdings Limited's Group ('the Group') financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's affairs as at 31st December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB'); and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Balance Sheet as at 31st December 2021; the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies ('the Principal Accounting Policies').

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

Basis for qualified opinion

The Group's investment in Yonghui Superstores Co., Ltd ('Yonghui'), which is an associate accounted for on the equity basis, is carried at US$1,044.0 million in the Group's Balance Sheet as at 31st December 2021. The Group's share of Yonghui's net loss for the year to 30th September 2021 of US$92.0 million is included in the Group's profit and loss account for the year. Given the magnitude of Yonghui's contribution to the Group's financial results for the year, we determined that a full scope audit of Yonghui's results was required as part of our audit, as it represents a financially significant component, but this has not been possible. As a result, we have been unable to obtain sufficient audit evidence over the Group's share of Yonghui's loss for the year and for the carrying amount of the Group's investment in Yonghui as at 31st December 2021 and accordingly we are unable to determine whether any adjustments to these amounts are necessary.

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

Independence

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

Our audit approach

Overview

Materiality

- Overall Group materiality: US$14.8 million *(2020: US$18.5 million)*
- Based on 5% of a three-year average of underlying profit before tax

Audit scope

- A full scope audit was performed on eight entities including seven subsidiaries and one associate, Maxim's.
- These entities, together with procedures performed on central functions and at the Group level, accounted for 93% of the Group's revenue, 68% of the Group's profit before tax, and 68% of the Group's underlying profit before tax.

Key audit matters

- Carrying value of investment in Robinsons Retail Holdings Inc. ('Robinsons Retail')
- Buying income
- IT environment
- Scope limitation in respect of the Group's share of Yonghui's loss for the year and for the carrying amount of the Group's investment in Yonghui at the year end (as described in the Basis for qualified opinion paragraph above)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

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

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

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

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

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

Key audit matters

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

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

The impact of COVID-19, which was a key audit matter last year, is no longer included because the impact, where relevant, is now included within each of the other individual key audit matters. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investment in Robinsons Retail Holdings, Inc. ('Robinsons Retail')	
Refer to note 39 (Critical Accounting Estimates and Judgements) and note 12 (Associates and Joint Ventures) to the financial statements. As at 31st December 2021, the carrying value of the Group's 20.76% investment in its associate, Robinsons Retail, was higher than its fair value based on its prevailing market share price. Management undertook an impairment assessment, as required by accounting standards as there was an indicator of impairment. There is inherent estimation uncertainty in determining the recoverable amount of the carrying value of the investment as significant judgements are required by management in preparing their value-in-use model, particularly management's view on key internal inputs and external market conditions which impact future cash flows, the discount rate and the long-term growth rate. We focused on the carrying value of the Group's investment in Robinsons Retail due to the significant judgements and estimates involved to determine whether the carrying value of the investment was supportable.	We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining the assumptions to be applied. We have understood and reviewed management's impairment assessment process, including what indicators of impairment had been identified and the appropriateness of the valuation model used, including the assessment of the future impact of COVID-19. As we identified a heightened risk of impairment, we performed the following procedures. We benchmarked and challenged key assumptions in management's valuation model used to determine recoverable amount against market data. This included whether the assumptions of projected cash flows of the business, the discount rate, and the long-term growth rate were appropriate, using our knowledge and experience. We tested the discounted cash flow model used in the assessment, checked the accuracy of the calculations, compared historical budgeted performance with actual results and agreed the figures used with the detailed management approved budgets to assess the reasonableness of the cash flows used in the model. Our challenge focused particularly on the discount rate and long-term growth rate. With the support of our valuations specialists, we compared the discount rates used with the range of typical discount rates used in similar businesses and considered whether management had incorporated all relevant macroeconomic and country-specific factors, as well as those specific to Robinsons Retail, in determining its discount rate.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investment in Robinsons Retail Holdings, Inc. ('Robinsons Retail') continued	
	For the growth rate we assessed whether management had considered macroeconomic and country-specific factors specific to Robinsons Retail, including the future impact of COVID-19. We also compared the rate used with the range of growth rates used by similar businesses. We tested management's historical estimation accuracy by comparing previous projected growth rates to the actual growth achieved. Where differences were identified we understood management's rationale and the evidence, such as actual recent performance, to support management's estimates. We evaluated the sensitivity analysis performed by management and performed our own independent sensitivity analysis on the key assumptions and considered a range of alternative outcomes to determine the sensitivity of the valuation model to changes in these assumptions. Overall, we found that the judgements and estimates made by management to determine the discount rate, long-term growth rate and the cash flows used in the valuation model were reasonable. We assessed the adequacy of the disclosures related to the carrying value of investments in associates and joint ventures in the context of IFRS disclosure requirements and agreed disclosures in the financial statements to the model tested and the assumptions applied in the model. Overall, we are satisfied that appropriate disclosure has been made.

Key audit matter	How our audit addressed the key audit matter
Buying income	
Refer to note 36 (Principal Accounting Policies) and note 39 (Critical Accounting Estimates and Judgements) to the financial statements. The Group has arrangements with suppliers whereby volume-based discounts and incentives, promotional and marketing incentives and various other rebates and discounts are earned in connection with the purchase of goods for resale from those suppliers. As such, the Group recognises a net deduction from cost of sales as a result of amounts receivable from suppliers. The individual supplier arrangements in place across the Group vary in nature. The majority of buying income is driven by volume-based measures or event-driven schemes, with the remainder being ad-hoc and promotional buying income. Buying income is material to the financial statements and given the types of buying income arrangements as well as various performance criteria which differ by supplier, we identified buying income as a key audit matter. The level of judgement in each category of buying income is detailed below: ***Volume-based income*** Volume-based rebates are generally driven by achieving purchase volume targets set with individual suppliers for specific products over a pre-set period of time. In instances where the rebate agreement does not fully coincide with the period-end, the key judgement that we focused on was the estimate of expected purchase volumes in the period covered by the rebate agreement. ***Ad-hoc and promotional income*** The remainder of the Group's buying income is associated with ad-hoc and promotional income. The nature of this income and the manner in which it is recognised varies depending on the nature of the agreement with the individual supplier. The income is earned as the relevant performance criteria are met. Due to the significant number of transactions and individual agreements, and the potential for manual calculations, we focused our effort on assessing the appropriateness of amounts recognised. Our focus was on the underlying agreements associated with the income earned, and assessing whether the income recorded was in accordance with those agreements.	We gained an understanding of, and evaluated, the key controls in place within the buying income process and tested those controls in certain components of the business. We performed a detailed analytical review of buying income by type and location to identify whether any unusual trends were present. On a sample basis: • we traced the reconciliation of supplier deductions or payments recognised in the income statement to cash receipts or supplier contracts; • we selected amounts recognised in debtors and creditors and agreed the amounts to supporting documentation. Where buying income amounts were offset against outstanding amounts payable to suppliers we assessed whether there was a right to offset, based on the contractual terms with suppliers; • we assessed whether the performance criteria of the items selected had been met and where buying income amounts were estimated, that there was appropriate supporting evidence in determining those estimates; • we assessed the appropriateness of manual journal entries and adjustments associated with buying income by tracing them to supporting documentation; and • we assessed supplier dispute logs and management's supplier statement reconciliations to determine whether material disputes or disagreements with suppliers existed. Where significant disputes or disagreements existed, we understood the nature of these disputes through discussions with management and obtained evidence to assess whether the amounts recognised by management were reasonable. Overall, we found the amounts recognised in the financial statements in respect of buying income to be supportable, based on available evidence. We assessed the adequacy of the disclosures related to the buying income in the context of IFRS disclosure requirements and consider the disclosures to be appropriate.

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

How we tailored the audit scope

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

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

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by members of the Group engagement team or by component auditors from member firms within the PwC Network and other auditors operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement necessary for us to have in the audit work at those components to be able to conclude whether sufficient, appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. The Group engagement team was involved in the significant reporting entities in scope for Group reporting during the audit cycle. In light of the continued restrictions on travel as a response to COVID-19, the lead Group audit partner and other senior team members were involved throughout the year through the regular use of video conference calls and other forms of communication to direct and oversee the audit, including the remote review of the work of component teams.

A full scope audit was performed on eight entities including seven subsidiaries and one associate, Maxim's. These entities, together with procedures performed on central functions and at the Group level (on the consolidation and other areas of significant judgement), accounted for 93% of the Group's revenue, 68% of the Group's profit before tax, and 68% of the Group's underlying profit before tax. This gave us the evidence we needed for our opinion on the financial statements as a whole. As described in the Basis for qualified opinion paragraph above, we determined that a full scope audit of the results of the Group's associate, Yonghui, was required (as it represents a financially significant component for 2021) but this has not been possible. Refer to page 48 for further details of management's consideration of this matter.

Materiality

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

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

Overall Group materiality	US$14.8 million *(2020: US$18.5 million)*
How we determined it	5% of a three-year average of underlying profit before tax
Rationale for benchmark applied	Profit before tax is a primary measure used in assessing the performance of the Group which has been adjusted by adding back non-trading items.

We set an overall Group materiality level of US$14.8 million *(2020: US$18.5 million)*. This was based upon 5% of the Group's consolidated three-year average underlying profit before tax for the years ended 31st December 2019, 31st December 2020 and 31st December 2021. In arriving at this judgement we had regard to the fact that underlying profit is an important financial indicator of the Group.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of overall materiality allocated across components was US$1.9 million to US$14.7 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% *(2020: 75%)* of overall materiality, amounting to US$11.1 million *(2020: US$13.8 million)* for the Group financial statements.

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

We agreed with Audit Committee that we would report to them misstatements identified during our audit above US$740,000 *(2020: US$925,000)*, other than classifications within the Consolidated Profit and Loss Account or Consolidated Balance Sheet, which were only reported above US$6.3 million *(2020: US$18.5 million)*. We also report misstatements below this amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- Evaluating the inherent risks to the Group's and its business models and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period;
- Assessing management's base case and severe but plausible downside scenario models supporting the Board's going concern assessment, evaluating the process by which the assessments have been drawn up, ensuring that the calculations in the model were mathematically accurate and that the overall methodology used was appropriate;
- Considering sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible, but not unrealistic, adverse effects that could arise from adverse trading conditions as a result of COVID-19 and impact the Group's liquidity position over the going concern period;

- Evaluating the committed financing facilities currently available to the Group and ensuring that the models appropriately included all contractual debt repayments and committed capital expenditures;
- Agreeing to debt agreements and associated amendments secured, the covenants attached to each facility and considering the Group's forecast compliance at the measurement dates included in the going concern assessment period;
- Agreeing the cash on hand and available facilities included in the going concern assessment to our year end audit work.

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

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

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

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

Reporting on other information

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Use of this report

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

Partner responsible for the audit

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

Other matter

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

PricewaterhouseCoopers LLP
Chartered Accountants
London
3rd March 2022

Five Year Summary

	2021	2020	2019	2018	2017
	US$m	US$m	US$m	US$m	US$m
Profit and Loss*					
Sales	**9,015.4**	10,268.5	11,192.3	11,749.3	11,288.7
Sales including associates and joint ventures	**27,684.2**	28,159.1	27,665.0	21,957.2	21,827.0
Profit attributable to shareholders	**102.9**	271.0	323.8	84.8	402.4
Underlying profit attributable to shareholders	**104.6**	275.7	320.9	358.2	402.6
Underlying earnings per share *(US¢)*	**7.73**	20.38	23.72	26.48	29.77
Basic earnings per share *(US¢)*	**7.61**	20.03	23.93	6.27	29.75
Dividends per share *(US¢)*	**9.50**	16.50	21.00	21.00	21.00
Balance Sheet*					
Total assets	**7,604.8**	7,900.5	8,369.9	8,533.0	5,467.2
Total liabilities	**(6,337.6)**	(6,564.6)	(7,130.4)	(7,371.1)	(3,711.5)
Net operating assets	**1,267.2**	1,335.9	1,239.5	1,161.9	1,755.7
Shareholders' funds	**1,267.2**	1,322.3	1,209.2	1,126.4	1,690.0
Non-controlling interests	**–**	13.6	30.3	35.5	65.7
Total equity	**1,267.2**	1,335.9	1,239.5	1,161.9	1,755.7
Net debt	**(843.9)**	(816.7)	(820.8)	(744.0)	(599.1)
Net asset value per share *(US¢)*	**93.67**	97.75	89.39	83.27	124.95
Cash Flow*					
Cash flows from operating activities	**942.3**	1,067.2	1,288.1	1,458.1	671.3
Cash flows from investing activities	**(124.7)**	(86.4)	(283.0)	(500.9)	(280.6)
Cash flows before financing activities	**817.6**	980.8	1,005.1	957.2	390.7
Cash flow per share from operating activities *(US¢)*	**69.65**	78.89	95.22	107.80	49.64

* Figures in 2018 have been restated due to change in accounting policy upon adoption of IFRS 16 'Leases'. Figures in 2017 have been restated due to changes in accounting policy upon adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'.

Responsibility Statement

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

a. the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board; and

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

For and on behalf of the Board

Ian McLeod
Clem Constantine
Directors

3rd March 2022

Corporate Governance

Overview of Governance Approach

DFI Retail Group (Dairy Farm International Holdings Limited (the 'Company') and its subsidiaries together known as the 'Group') understands the value of good corporate governance to long-term sustainable success 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 Asian markets. The governance framework is tailored to the Group's 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. Having an effective corporate governance framework supports the Board in delivering the Group's strategy and supports long-term sustainable growth.

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 shared values and standards, and sharing experience, contacts and business relationships, the Jardine Matheson group companies aim to optimise their opportunities across the Asian countries where they operate.

The Company is incorporated in Bermuda. The retailing interests of DFI Retail Group are entirely in Asia. The Company's equity shares have as their primary listing a standard listing on the Main Market of the London Stock Exchange (the 'LSE'), and the Company's primary regulator is the Financial Conduct Authority in the United Kingdom (the 'FCA').

The Disclosure Guidance and Transparency Rules (the 'DTRs') issued by the FCA require that this Report addresses all relevant information about the company's corporate governance practices beyond the requirements under Bermuda law.

The Company also has secondary listings in Singapore and Bermuda. As the Company has only secondary listings on these exchanges, the listing rules of such exchanges are not generally applicable. Instead, the Company must release the same information as it is required to release under the rules applicable to it as a standard listed company on the LSE, in compliance with the rules applicable to those exchanges in Singapore and Bermuda.

Governance and Legal Framework

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

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

Governance and Legal Framework continued

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 in London means that it is bound by many of the same rules as premium-listed companies under the UK Listing Rules, the DTRs, the UK Market Abuse Regulation ('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 offering 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 to insider dealing.

The Company is not required to comply with the UK Corporate Governance Code (the 'Code'), which applies to all premium-listed companies and sets out the governance principles and provisions expected to be followed by companies subject to the Code.

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 as was then applicable to the Company's premium listing. As a result, the Company has adopted several governance principles (the 'Governance Principles') based on the then-applicable requirements for a premium listing, which go further than the standard listing requirements.

The key elements of the Governance Principles are as follows:

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

- If the Company carries out a related party transaction which would require a sponsor to provide a fair and reasonable opinion under the provisions of the UK Listing Rules, it will engage an independent financial adviser to confirm that the terms of the transaction are fair and reasonable as far as the shareholders of the Company are concerned.

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

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

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

The Management of the Group

The Board

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

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

- Responsibility for the overall strategic aims and objectives of the Group;
- Establishing the Company's purpose and values;
- Approval of the Group's strategy and risk appetite to align with the Group's purpose and values;
- Approval and oversight of the Group policy framework and approval of appropriate Group policies;
- Approval of the Annual Budget and monitoring of performance against it;
- Oversight of the Group's operations;
- Approval of significant changes to Group's corporate or capital structure;
- Approval of major capital expenditure and significant transactions in terms of size or reputational impact;
- Approval of interim and final financial statements upon recommendation from the Audit Committee, and interim management statements;
- Approval of Annual Report and Accounts;
- Approval of dividend policy and amount and form of interim and final dividend payments for approval by shareholders as required;
- Any significant changes to the Company's accounting policies or practices upon recommendation from the Audit Committee;
- Appointment, re-appointment or removal of the external auditor, subject to shareholder approval, upon recommendation from the Audit Committee;
- Approval of matters relating to the 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, Dairy Farm Management Services Limited ('DFMS').

The Company sees the value of regularly reviewing the effectiveness of its processes and making improvements where appropriate. The Board will therefore be establishing a Board evaluation review process.

Board Composition and Operational Management

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

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

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

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 DFMS, 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 DFMS' 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 3rd March 2022, the Company comprises nine Directors, three of whom (33%) –Dave Cheesewright, Weiwei Chen and Christian Nothhaft – are regarded as Independent Non-Executive Directors. A Non-Executive Director – Anthony Nightingale– does not have any executive responsibilities, nor has he been an employee of the Company or the Group within the past five years. He is sufficiently distanced from the day-to-day operations of the Company for the Company to take the view that he is an Independent Non-Executive Director, even though he has served on the Board for over nine years. The names of all the Directors and brief biographies appear on pages 49 and 50 of this Report.

Ben Keswick has been Chairman of the Board since 16th May 2013. John Witt has held the role of Managing Director from 15th June 2020. Ian McLeod has been Group Chief Executive since 18th September 2017. Ben Keswick previously held the roles of Chairman and Managing Director combined from 16th May 2013. 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.

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, 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;

Chairman continued

- Ensuring all Directors receive accurate, timely and clear information; and
- Promoting effective communication between Executive and Non-Executive Directors.

Managing Director

The Managing Director acts as chairman of DFMS 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 in the Company, in its oversight of the day-to-day management by the Group Chief Executive and his leadership team of the businesses.

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 DFMS finance committee. The Group Chief Executive has day-to-day responsibility for:

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

Non-Executive Directors

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

Board Meetings

The Board usually holds four 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 2021, due to travel restrictions imposed as a result of the pandemic, it was necessary to hold all four Board meetings virtually. 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 DFMS and who are based outside Asia will usually visit Asia and Bermuda to discuss the Group's businesses, as well as to participate in the four strategic reviews that precede the regular Board meetings. In 2021, all of these strategic reviews were held virtually due to the pandemic. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge of the Group's affairs, as well as their experience of the wider Jardine Matheson group, provide significant value to the ongoing review by the Company of the Group's businesses and reinforces the Board oversight process.

Board Attendance

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

	Meetings eligible to attend	Attendance
Current Directors of the Company		
Non-Executive Directors		
Ben Keswick	4/4	100%
Dave Cheesewright[1]	1/1	100%
Weiwei Chen[1]	1/1	100%
Adam Keswick	4/4	100%
Anthony Nightingale	4/4	100%
Christian Nothhaft[1]	1/1	100%
Executive Directors		
John Witt	4/4	100%
Ian McLeod	4/4	100%
Clem Constantine	4/4	100%
Former Directors of the Company		
George J. Ho[2]	3/3	100%
Delman Lee[2]	3/3	100%
Y.K. Pang[2]	3/3	100%
Clive Schlee[2]	3/3	100%
Percy Weatherall[2]	3/3	100%

1 Dave Cheesewright, Weiwei Chen and Christian Nothhaft joined the Board on 30th November 2021.
2 George J. Ho, Delman Lee, Y.K. Pang, Clive Schlee and Percy Weatherall stepped down as Directors on 30th November 2021.

Appointment and Retirement of Directors

The Board appoints each new Director, and the Nominations Committee has been established to assist the Board in such matters. In accordance with the Company's Bye-laws, each new Director is subject to retirement and re-appointment 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.

On 30th November 2021, George J. Ho, Delman Lee, Y.K. Pang, Clive Schlee and Percy Weatherall retired from the Board, and Dave Cheesewright, Weiwei Chen and Christian Nothhaft were appointed as Independent Non-Executive Directors of the Company.

In accordance with Bye-law 85, Ian McLeod will retire by rotation at this year's AGM and, being eligible, offers himself for re-election. In accordance with Bye-law 92, Dave Cheesewright, Weiwei Chen and Christian Nothhaft will also retire and, being eligible, offer themselves for re-election. Ian McLeod has a service contract with a subsidiary of the Company with a notice period of six months. None of the other Directors proposed for re-election has a service contract with the Company or its subsidiaries.

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

Company Secretary

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

Committees

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

Nominations Committee

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

- Review the structure, size and composition of the Board and its committees and make recommendations on any appointments to maintain a balance of skills, knowledge and experience, as well as a diversity of perspectives;
- 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 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 at least annually and more often if necessary, or by the circulation of Committee circulars and recommendations to the Board for approval as it deems appropriate. It plays a key role in the process of recruiting senior executives. Candidates for appointment as Executive Directors of the Company or other senior management positions may be sourced internally or externally, including by using the services of specialist executive search or recruitment firms. The aim is to appoint individuals who combine international business knowledge and experience, industry knowledge and experience if possible, and familiarity with, or adaptability to, Asian markets. When appointing Non-Executive Directors, the Committee pays particular attention to the Asian business experience and relationships that they can bring.

Insurance and Indemnification

The Company purchases insurance to cover its Directors against their costs in defending themselves in civil proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. To the extent permitted by law, the Company also indemnifies its Directors. 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 the Group's operations and performance. The information systems in place are designed to ensure that the financial information reported is reliable and up to date.

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

Directors' Responsibilities in respect of the Financial Statements

Under the Companies Act, the Directors are required to prepare financial statements for each financial year and present them annually to the Company's shareholders at the AGM. The financial statements are required to present fairly, in accordance with 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 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 which 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 77.56% 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 3rd March 2022.

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 33 to the financial statements on pages 99 and 100.

Securities Purchase Arrangements

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

Annual General Meeting

The 2022 AGM will be held on 5th May 2022. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of Meeting, which accompanies this Report. In addition, a corporate website is maintained containing a wide range of information of interest to investors at www.DFIretailgroup.com.

Group Policies

Code of Conduct

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

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, suppliers and other stakeholders keeping the data secure and processing it in accordance with legal requirements and stakeholder expectations as they continue to evolve.

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 a 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 languages, is accessible through phone hotline or online. The reports are treated confidentially, and protection is provided to anyone who reports a case.

Inclusion 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. Bullying, intimidation, discrimination, and harassment of others has 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 rewarding its people regardless of race, gender, nationality, religion, sexual orientation, disability, age or background. 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.

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 recognises that gender diversity is an important issue, and this is something it is actively focused on, with consistent improvement in this area.

The Group is developing a formal Diversity and Inclusion Policy which is expected to be published in 2022.

Remuneration Report

Message from the Board/Remuneration Committee

The Board is pleased to present shareholders with the 2021 Remuneration Report. This report sets out the Group's approach to remuneration for its executives and directors, particularly the link between the Group's strategy and its remuneration framework, the link between performance and reward, and remuneration outcomes for senior executives.

The Group's Remuneration philosophy and framework for rewarding staff

The remuneration outcomes in 2021 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.

It does this through:

- Incentives based on financial measures and strategic objectives that reflect key goals critical to sustained organisational success;
- Consideration of business and operational risk, as well as sustainability development goals through the design of performance objectives;
- Incentives and policies that 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 conglomerate with diverse businesses.

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

The Company's policy is to offer competitive remuneration packages to its senior executives. It is recognised that, due to 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. Executive Directors joining from outside the Group may be offered an initial fixed-term service contract to reflect any requirement to relocate.

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

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.

In November 2021, the Remuneration Committee established by the Board within DFMS in March 2021 had been dissolved. The Board had established a Remuneration Committee (the 'Remuneration Committee') at the Company level. 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 Committee. The current members of the Remuneration Committee are Ben Keswick, John Witt and Graham Baker. In addition, the Group Chief Executive, the Group Human Resources Director and Jardines group human resources director will generally attend meetings of the Remuneration Committee. The Remuneration Committee meets at least twice annually and more often if necessary, with its meetings aligned with the key events in the Group's annual remuneration cycle, or by the circulation of Committee circulars and recommendations to the Board for approval as it deems appropriate.

How Remuneration framework is linked to the business strategy

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

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

Remuneration Outcomes in 2021

For the year ended 31st December 2021, the Directors received from the Group US$8.2 million *(2020: US$8.5 million)* in Directors' fees and employee benefits, being:

- US$0.6 million *(2020: US$0.8 million)* in Directors' fees; and
- US$6.8 million *(2020: US$6.4 million)* in short-term employee benefits, including salary, bonuses, accommodation and deemed benefits in kind;
- US$0.1 million *(2020: US$0.1 million)* in post-employment benefits; and
- US$0.7 million *(2020: US$1.2 million)* in share-based payments.

The information set out in the section above headed 'Remuneration Outcomes in 2021' forms part of the audited financial statements.

Share Schemes

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

Directors' Share Interests

The Directors of the Company in office on 3rd March 2022 had interests* as set out below in the Company's ordinary share capital. These interests include those notified to the Company regarding the Directors' closely associated persons*.

Ian McLeod	398,342
Clem Constantine	100,000
Anthony Nightingale	34,183

* Within the meaning of MAR

In addition, Ian McLeod held deferred share awards regarding 199,172 ordinary shares issued pursuant to the Company's share-based long-term incentive plans.

Audit Committee Report

Audit Committee

In November 2021, the Audit Committee established by the Board within DFMS (the 'Former Audit Committee') had been dissolved. The Board had established an Audit Committee (the 'Audit Committee') at the Company level. The Audit Committee consists of a minimum of three members, the current members of which are Graham Baker, Weiwei Chen and Anthony Nightingale (Chairman of the Audit Committee). None of them is directly involved in operational management.

With the appointment of Weiwei Chen, an Independent Non-Executive Director, in November 2021 to the Audit Committee, the Company considers that the Committee now has a majority of independent members. Graham Baker is also a member of the Committee with recent financial experience and expertise. In addition, Graham Baker has a deep understanding of risk management.

Audit Committee continued

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

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

- Independent oversight and assessment of financial reporting processes including related internal controls;
- Risk management and compliance;
- Overseeing 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 of any issues raised in connection with the preparation of the results, including the adoption of new accounting policies, is undertaken by the Audit Committee with the executive management and a report is received from the external auditors. The external auditors also have access to the full Board when necessary, in addition to the Group Chief Executive, Chief Financial Officer and other senior executives.

The matters considered by the Former Audit Committee during 2021 included:

- Reviewing the 2020 annual financial statements and 2021 half-yearly financial statements, with particular focus on the impact of COVID-19, provisioning and impairment assessments, assumptions that underpinned key valuation models and effectiveness of financial controls;
- Reviewing the actions and 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 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 and approving the revised terms of reference of the Group's internal audit and risk management functions;
- 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; and
- Conducting a review of the terms of reference of the Audit Committee.

Former Audit Committee Attendance

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

Members of the Former Audit Committee	Former Audit Committee[1]	Attendance
Director of the Company		
John Witt	2/2	100%
Directors of DFMS		
Graham Baker	2/2	100%
Jeremy Parr	2/2	100%
Former Director of the Company		
Y.K. Pang	2/2	100%

1 The Former Audit Committee was dissolved on 30th November 2021.

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 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.

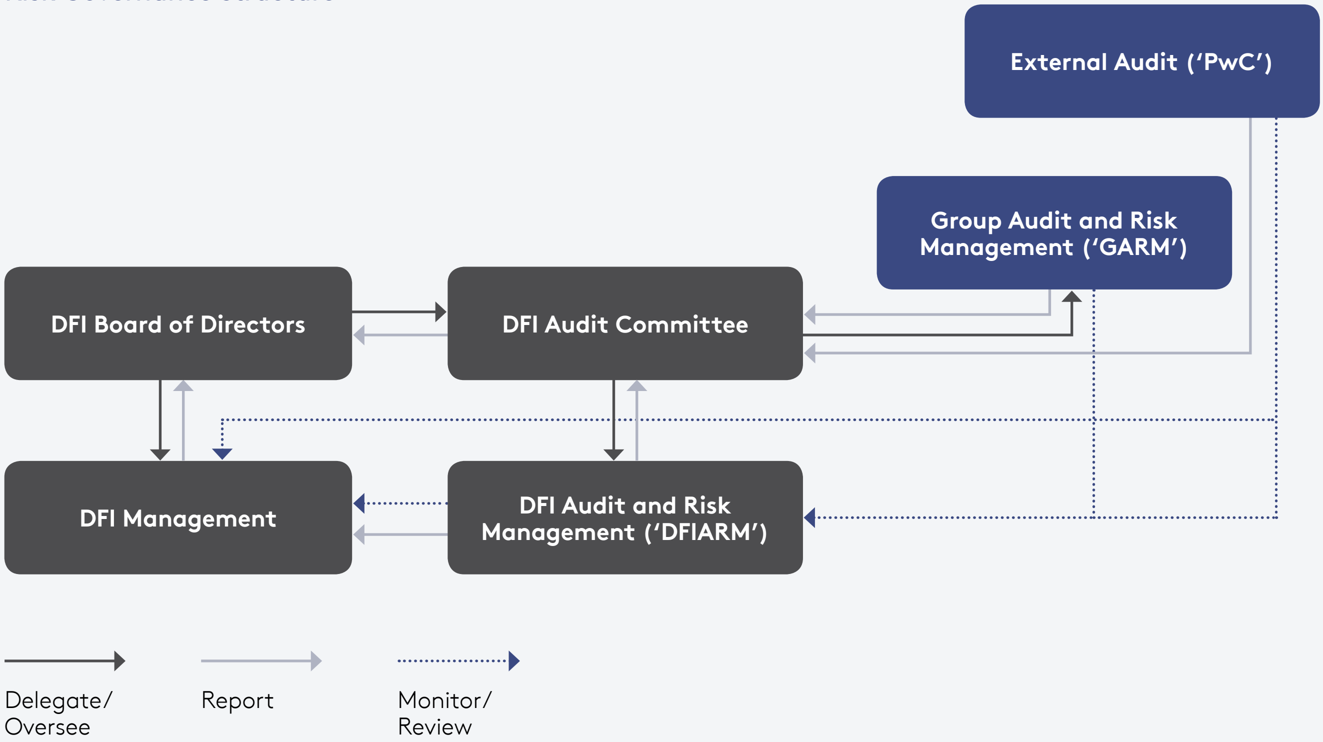
Executive management is responsible for the implementation of the systems of internal control throughout the Group, and a series of audit committees at an operational level and the internal audit function monitor the effectiveness of the systems.

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

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

The Company's principal risks and uncertainties are set out on pages 151 to 154.

Risk Governance Structure



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

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

Risk Identification	• Identify and document the Group's exposure to uncertainty with existing strategic objectives • Adopt structured and methodical techniques to identify critical risks
Risk Assessment	• Evaluate risks by estimating likelihood, financial and reputational damage, and the speed at which the risk materialises, based on its inherent and residual level • Determine risk rating using the risk heatmap, with four levels of residual risk status
Risk Treatment	• Tolerate – accept if within the Group's risk appetite • Terminate – dispose or avoid risks were no appetite • Risks may be accepted if mitigated to an appropriate level via: • Transfer – take out insurance or share risk through contractual arrangements with business partners • 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 Group Audit and Risk Management

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 Report.

Economic Risk

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

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

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

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

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

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

Mitigation Measures

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

Principal Risks and Uncertainties continued

Financial and Treasury Risk

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 48 and note 38 to the financial statements on pages 111 to 119.

Concessions, Franchises and Key Contracts Risk

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

Mitigation Measures

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

Regulatory and Political Risk

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

Mitigation Measures

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

Pandemic and Natural Disasters Risk

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

Mitigation Measures

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

Cybersecurity and Technology Risk

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.

Principal Risks and Uncertainties continued

Talent Risk

The competitiveness of the Group's businesses depends on the quality of the people that it attracts and retains. Unavailability of needed human resources may impact the ability of the Group's businesses to operate at capacity, implement initiatives and pursue opportunities.

E-commerce growth has heightened demand and competition across industries for various skillsets, particularly in IT and logistics. Pandemic-related travel restrictions and a more stringent approach to issuing work visas to non-locals in some of the key markets have also disrupted the availability of labour across borders, exacerbating labour shortages as economies rebound.

Mitigation Measures

- Competitive pay and benefits commensurate with market benchmarks.
- Proactive manpower planning and succession planning are in place.
- Enhanced employer branding, training for team members and talent development plans.
- Promote diversity and inclusion across the Group.

Environmental and Climate Risk

Global climate change has led to a trend of increased frequency and intensity of potentially damaging natural events for the Group's assets and operations. With interest in sustainability surging in recent years from investors, governments and other interested parties, expectations by regulators and other stakeholders for accurate corporate sustainability reporting and commitments towards carbon neutrality and other sustainability related goals are growing.

Mitigation Measures

- A Corporate Social Responsibility (CSR) strategy framework is in place, which addresses environmental and climate risk.
- Cross functional working groups are in place to devise and implement plans, to reduce the impact of environmental and climate risk.
- Adherence to relevant national and international laws and regulations.

Effectiveness Review of Risk Management and Internal Control Systems

The effectiveness of these systems is monitored by the internal audit function, which reports functionally to the Audit Committee of the Group. 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 action required are reported to the Group Audit Committee.

Shareholder Information

Financial Calendar

2021 full-year results announced	3rd March 2022
Shares quoted ex-dividend	17th March 2022
Share registers closed	21st to 25th March 2022
Annual General Meeting to be held	5th May 2022
2021 final dividend payable	11th May 2022
2022 half-year results to be announced	28th July 2022*
Shares quoted ex-dividend	18th August 2022*
Share registers to be closed	22nd to 26th August 2022*
2022 interim dividend payable	12th October 2022*

* Subject to change

Dividends

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

Shareholders on the Jersey Branch Register
Shareholders registered on the Jersey branch register will have the option to elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2021 final dividend by notifying the United Kingdom transfer agent in writing by 22nd April 2022. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 27th April 2022.

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

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

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

Registrars and Transfer Agent

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

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

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

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

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

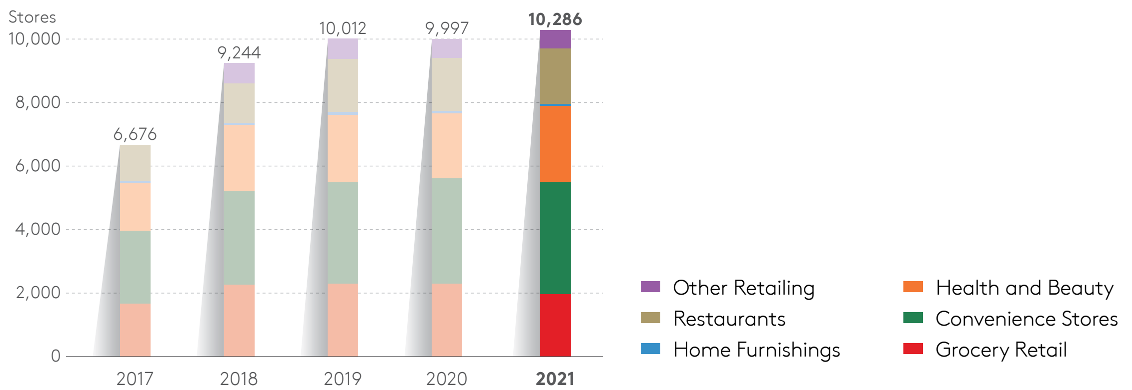
Press releases and other financial information can be accessed through the internet at www.DFIretailgroup.com.

Retail Outlets Summary

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

2020	Food: Grocery Retail	Food: Convenience Stores	Health and Beauty	Home Furnishings	Restaurants	Other Retailing	Total	Net change
Hong Kong	322	974	350	4	794	–	2,444	(46)
Macau	20	51	20	1	21	–	113	1
Chinese mainland	1,371	1,403	116	–	250	–	3,140	49
Singapore	101	423	114	–	160	–	798	12
Indonesia	115	–	314	2	–	–	431	14
Malaysia	68	–	463	–	2	–	533	(10)
Brunei	–	–	24	–	–	–	24	1
Taiwan	–	–	–	6	–	–	6	–
The Philippines	263	481	521	–	–	588	1,853	(65)
Vietnam	–	–	95	–	67	–	162	(2)
Cambodia	34	–	12	–	24	–	70	16
Thailand	–	–	–	–	423	–	423	15
Total	2,294	3,332	2,029	13	1,741	588	9,997	(15)
Net change over 2019	5	118	(81)	1	(12)	(46)	(15)	

Store Network



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

Management and Offices

Leadership Team

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

Corporate Office

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Negara Brunei Darussalam
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Fax : (673) 246 0821

Cambodia

DFI Lucky Private Limited
#01, Street 55P
Sangkat Tuek Thla
Khan Sen Sok
Phnom Penh
Tel : (855 23) 885 722
Website : www.dfilucky.com

Hong Kong and Macau

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

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

Indonesia

PT Hero Supermarket Tbk
Graha Hero
KO. Komersial CBD Bintaro
Sektor VII B.7/A.7, Pondok Jaya
Pondok Aren, Tangerang Selatan
Banten 15224
Tel : (62 21) 8378 8000
Website : www.hero.co.id

Chinese Mainland

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

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

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

Malaysia

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

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

The Philippines

Robinsons Retail Holdings, Inc.*
43F Robinsons Equitable Tower
ADB Avenue cor Poveda St.
Ortigas Center, Pasig City
Metro Manila
Tel : (63 2) 635 0751 to 64
Website : www.robinsonsretail holdings.com.ph

Singapore

Cold Storage Singapore (1983) Pte Ltd
21 Tampines North Drive 2
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Singapore 528765
Tel : (65) 6891 8000
Fax : (65) 6784 3623

Taiwan

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4/F, No. 128 Section 1
Jiuzong Road
Neihu District, 114066
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Tel : (886 2) 2791 8820
Fax : (886 2) 2791 8180
Website : www.ikea.com.tw

Vietnam

Pan Asia Trading And Investment One Member Company Limited*
L2-VP-01, 346 Ben Van Don
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* Associates or joint ventures

www.DFIretailgroup.com

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