Dairy Farm International Holdings Ltd
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Announcement

11th March 2021

The following announcement was issued today to a Regulatory Information Service approved by the Financial Conduct Authority in the United Kingdom.

DAIRY FARM INTERNATIONAL HOLDINGS LIMITED
2020 PRELIMINARY ANNOUNCEMENT OF RESULTS

Highlights
- Underlying profit of US$276 million, down 14%
- Substantial sales and profit growth in Grocery Retail
- Solid trading in Home Furnishings
- Health and Beauty, Convenience and Maxim's significantly impacted by COVID-19

"2020 was a challenging year for Dairy Farm, with the COVID-19 pandemic impacting the Group's operations and, as a result, its financial results. Continued progress in implementing the Group's transformation programme, however, helped the business adapt to the rapidly changing environment, while the diversity of the Group's businesses, coupled with the impact of ongoing efficiency improvement programmes, supported the Group's overall financial performance."

Ben Keswick
Chairman

Results

	Year ended 31st December		
	2020 US$m	2019 US$m	Change %
Combined total sales including 100% of associates and joint ventures	**28,159**	27,665	+2
Sales	**10,269**	11,192	–8
Underlying profit attributable to shareholders*	**276**	321	–14
Net non-trading items	**(5)**	3	n/a
Profit attributable to shareholders	**271**	324	–16
	US¢	US¢	%
Underlying earnings per share*	**20.38**	23.72	–14
Basic earnings per share	**20.03**	23.93	–16
Dividends per share	**16.50**	21.00	–21

* 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.

The final dividend of US¢11.50 per share will be payable on 12th May 2021, subject to approval at the Annual General Meeting to be held on 5th May 2021, to shareholders on the register of members at the close of business on 26th March 2021.

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DAIRY FARM INTERNATIONAL HOLDINGS LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

OVERVIEW

2020 was a challenging year for Dairy Farm, with the COVID-19 pandemic impacting the Group's operations and, as a result, its financial results. Continued progress in implementing the Group's transformation programme, however, helped the business adapt to the rapidly changing environment, while the diversity of the Group's businesses, coupled with the impact of ongoing efficiency improvement programmes, supported the Group's overall financial performance. A number of key initiatives gathered momentum in the year and the Group is now more effectively leveraging scale and developing an improved customer proposition across all banners and markets.

OPERATING PERFORMANCE

Sales of US$10.3 billion for the year by the Group's subsidiaries were 8% behind those of 2019. Total sales, including 100% of associates and joint ventures, were 2% higher at US$28.2 billion, primarily due to a higher sales contribution from Yonghui.

The Group's subsidiaries saw underlying operating profit of US$412 million, 6% behind the previous year. Strong growth in operating profit for Grocery Retail and IKEA was offset by a reduction in profit for the Health and Beauty and Convenience businesses. Among the Group's subsidiaries, disruption caused by the COVID-19 pandemic has had the greatest impact on our Health and Beauty business in Hong Kong.

Underlying profit attributable to shareholders was US$276 million, down 14% from US$321 million last year. Underlying earnings per share of US¢20.38 were also down 14%.

The Group maintained solid cash flows from operating activities, after lease payments, of US$361 million (2019: US$498 million). Net debt at the end of 2020 was US$817 million, down from US$821 million at the end of last year.

The Board is recommending a final dividend of US¢11.50 per share, giving a total dividend of US¢16.50 per share for the year, a 21% reduction compared to 2019.

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Food - Grocery Retail

Total Grocery Retail sales increased by 3% to US$5.3 billion. Strong like-for-like sales growth across both North Asia and Southeast Asia was partially offset by the annualisation impact of the Group's space optimisation programme, which was executed in 2019.

Operating profit for the Group's Grocery Retail business increased significantly from US$63 million in 2019 to US$267 million in 2020, demonstrating the benefit of a diversified retail portfolio. There was strong profit growth across both North Asia and Southeast Asia, driven by benefits accrued from implementing improvement programmes, strong like-for-like sales and government subsidies. Performance in Indonesia, however, was negatively impacted by significant government restrictions on movement, which affected traffic into hypermarkets.

Food - Convenience

Disruption caused by the pandemic impacted customer traffic into our Convenience stores, resulting in a 4% reduction in sales to US$2.1 billion. Operating profit decreased by 31% to US$57 million, driven primarily by a combination of the shortfall in sales and a sales mix shift towards lower product margin categories.

Health and Beauty

Total sales for the Health and Beauty Division reduced by 35% to US$2.0 billion as the pandemic impacted customer traffic across our key markets. In North Asia, enforced border closures have led to a virtual elimination of tourism, most notably from the Chinese mainland, which has significantly impacted our Mannings business in Hong Kong and Macau. The resultant decline in sales performance was the primary cause of a significant decrease in operating profit from US$296 million in 2019 to US$66 million.

Faced with challenging trading conditions, the Group is focusing on ensuring that its customer value proposition - from the perspective of pricing, stores and channel to market - remains relevant and competitive. Price investment campaigns have been introduced across our key markets with encouraging results so far. The Group is also managing costs appropriately.

Home Furnishings

In Home Furnishings, sales for IKEA increased by 9% in the year, as new store openings and strong e-commerce growth offset pandemic related disruption. Operating profit increased by US$28 million to US$71 million, due to a combination of new store profit contribution, lower cost of goods, strong cost controls, reduced pre-opening expenses for new stores and government support.

Associates

The contribution from 50%-owned Maxim's declined to US$36 million, from US$82 million in the prior year, as the pandemic, government-imposed restrictions on movement and social distancing measures caused a significant reduction to customer visits to restaurants, as well as leading to some temporary closures.

The Group's share of underlying results in Yonghui grew from US$23 million in 2019 to US$29 million in 2020, primarily due to strong sales growth. Dairy Farm's share of underlying results in Robinsons Retail fell by 5% to US$14 million. The financial performance of Robinsons Retail in the year was impacted by government restrictions on movement due to the pandemic, particularly with respect to its discretionary formats.

TRANSFORMATION

During the year, the Group's transformation gathered momentum with the completion of a number of key initiatives.

Dairy Farm is accelerating the pace of its digital change to adapt to the rapidly changing environment.

The launch of Yuu Rewards in July 2020 represented a critical milestone in driving Dairy Farm's modernisation and digital transformation. Yuu will support a more customer-centric approach across all the Dairy Farm banners and drive an enhanced level of customer engagement.

There has also been continuing investment in e-commerce, especially in the Group's Home Furnishings and Health and Beauty businesses, and the Group is treating this area as a strategic priority. The Group is also investing significantly in existing legacy IT systems to improve the digitisation of in-store operations.

During the year, the Group also launched Meadows, its new Own Brand offering across Hong Kong, Singapore and Malaysia. Over 600 items have already been launched across banners and markets at lower prices. The future growth of Own Brand will allow the Group to leverage scale and gain competitive advantage.

A number of price investment campaigns were introduced across key banners in the year to enhance our customer value proposition across our regions. In Singapore, the Group's price reinvestment campaign coincided with the relaunch of the Giant banner with a major rebrand and space reallocation in refreshed or refitted stores. Initial performance has been encouraging.

BUSINESS DEVELOPMENTS

The Group divested Wellcome Taiwan during the year. In October, Dairy Farm deepened its strategic partnership with Philippines-listed multi-format retail group, Robinsons Retail, by combining its interests in the wholly-owned subsidiary Rose Pharmacy through a sale to Robinsons Retail's subsidiary Southstar Drug.

As at 31st December 2020, Dairy Farm, including associates and joint ventures, operated 9,997 stores across all formats, compared with 10,012 stores at 31st December 2019 on a continuing basis.

PEOPLE

Our businesses are operating in extraordinary circumstances and our people are facing huge challenges. We would like to express our deep gratitude for the continuing dedication and resolve of our team members in putting our customers first during these difficult times.

The Group made significant investments in the year to address the challenges of COVID-19 and support employees, customers and the community. These costs were offset by support received from governments in several of our key markets, which has helped maintain employment in a number of our businesses.

We were pleased to welcome Clive Schlee as a Non-Executive Director of the Company with effect from 6th May 2020. He brings many years of valuable experience within FMCG businesses. John Witt succeeded me as Managing Director on 15th June 2020. I will continue as Chairman.

Jeremy Parr and Mark Greenberg stepped down as Directors of the Company on 3rd December and 31st December 2020 respectively. We would like to thank them both for their contribution to the Board during their tenure.

PROSPECTS

We remain confident in the Group's ability to continue to adapt and thrive and achieve long-term sustainable growth, with good progress being made in implementing the Group's customer-focused and market-driven strategy. We expect challenging conditions to continue in the coming year, however, it is too early to predict what the impact of the pandemic will be on the Group's performance in 2021.

Ben Keswick
Chairman

GROUP CHIEF EXECUTIVE'S REVIEW

INTRODUCTION

2020 has been an unprecedented and challenging year for Dairy Farm. The Group has had to constantly adapt the management of its operations against a backdrop of varying levels of community infection rates and rapidly evolving customer behaviours. This was done in the context of different and changing approaches to managing the pandemic by governments in the regions where we operate, as well as the need to invest in and ensure our team members' safety and well-being.

Despite these challenges, the Group's transformation plan executed over the past three years has supported our ability to adapt to the ever-changing environment. In addition, the diversity of the Group's business mix from the perspective of both direct and indirectly managed businesses, formats and geographies has provided effective insulation from unprecedented trading conditions.

Underlying operating profit for the Group's subsidiaries reduced by 6% in the year, with strong profit growth in Grocery Retail and Home Furnishings offset by reduced profitability in Convenience Stores and Health and Beauty. The contribution from key associates decreased materially, primarily due to lower profitability from Maxim's (where we own 50%), which was significantly impacted by disruption caused by COVID-19. Total underlying net profit for the Group reduced by 14% to US$276 million.

FIVE STRATEGIC IMPERATIVES

1) Growth in China

7-Eleven South China opened over 200 additional new stores during the year despite the challenges of movement restrictions. China's extremely tight lockdown regime significantly impacted foot traffic in the early part of the year, with up to 500 stores having to close for prolonged periods. Subsequently, when movement restrictions became less severe, regulations prohibiting the sale of Ready-to-Eat products impacted sales recovery. Despite the challenges posed by trading conditions, strong execution of product innovation and promotions led to a significant improvement in sales in the second half of the year. During the year, 7-Eleven South China began a project to transform 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.

Mannings China's sales performance was impacted significantly in the first quarter as restrictions on movement led to reduced traffic. However, the business reported improving like-for-like sales trends throughout 2020. Mannings China continues to execute its space optimisation plan with greater focus around the Greater Bay Area, where Mannings has stronger brand awareness and can leverage the existing scale of 7-Eleven. E-commerce growth continues to be strong, with penetration now over double digits.

Yonghui delivered strong sales growth in the first half of 2020, driven by good like-for-like sales growth and robust e-commerce growth. Profitability also increased significantly over this period. Tighter family disposable income as well as more intense competition, however, did contribute to a slowdown in sales performance in the third quarter of the year.

2) Maintaining Strength in Hong Kong

Wellcome Hong Kong reported double-digit like-for-like sales growth in 2020, driven by a trend towards eating-at-home, greater focus on fresh quality, strong in-store execution and enhanced pricing. Profitability increased significantly due to a combination of strong sales growth and the benefits accrued from the improvement programmes which have been implemented as part of the Group's multi-year transformation.

However, disruption caused by the pandemic has adversely impacted performance for other banners in Hong Kong, particularly Mannings and 7-Eleven. The virtual elimination of tourist traffic through border closures has had a significant impact on Mannings' sales and profitability, and the business has focused strongly on investment in value to maximise appeal to the Hong Kong customers. Performance has been encouraging so far, with the price initiative underpinning relative improvement in both volume and profitability. 7-Eleven's performance was also adversely impacted by reduced local foot traffic, particularly in MTR locations following business and government advice to encourage employees to work from home.

IKEA's Hong Kong sales performance was also impacted by COVID-19 in the first quarter. However, IKEA reported improving sales performance over the course of the year, driven by both strong e-commerce growth and improving offline sales growth.

A key area of focus has been and will continue to be driving value for customers across Hong

Kong. In addition to Mannings' price reinvestment campaign launched in June, Wellcome launched its own *Lower Price Locked* campaign in the second half, with encouraging sales to date. The successful launch of Meadows Own Brand products, supported by a combination of international sourcing credentials, competitive shelf price, strong product quality and packaging, will continue to strengthen the Group's customer value proposition in Hong Kong.

In July, the Group launched the Yuu Rewards programme, Hong Kong's biggest rewards club. The programme links more than ten household brand names, including affiliate partners such as Hang Seng Bank and other businesses in the wider Jardine Matheson Group such as Pizza Hut and KFC, across over 2,000 locations in Hong Kong. For the first time, a CRM programme is allowing Dairy Farm to leverage the scale of all its banners in Hong Kong. The programme is both an important pillar supporting digital transformation within Dairy Farm and a means of maintaining Dairy Farm's strength in Hong Kong.

3) Revitalising Southeast Asia

Profitability in the Group's Southeast Asian Grocery Retail business improved significantly in the year, due to a combination of the initiatives implemented as part of the Group's multi-year transformation programme and strong like-for-like sales growth.

Despite delays caused by COVID-19 lockdown restrictions, the team successfully relaunched all Giant Singapore stores in 2020. This programme involved detailed research, combined with in-depth sales and merchandise analysis, a detailed plan to reapportion space, and investment in new equipment where required. All stores have now either been refreshed or refitted with a major brand facelift and space reallocation. There has also been a significant shift in emphasis onto Own Brand within Giant stores, and results have been encouraging. The repositioning of the Giant brand has been underpinned by a programme to re-establish price trust and to invest in lower prices on hundreds of frequently purchased items across fresh, grocery and chilled categories. Strong marketing execution was also implemented to support the brand repositioning. Whilst still early, these steps have led to an improved sales performance, with underlying like-for-like sales growing at their strongest rate since 2013.

Performance of our upscale Grocery Retail stores continues to show good progress. Improvements in range, availability and freshness are supporting improved sales performance. In addition, our new concept pilot stores, with much stronger emphasis on fresh food, international products, organic, health and wellness ranges, have performed very strongly. New concept stores have now been introduced in Malaysia and Singapore, in addition to those introduced in Hong Kong.

Our Guardian Health and Beauty business remains a significant growth opportunity for the Group. However, like-for-like sales performance and profitability have been impacted by government restrictions on movement in each of the markets in which we operate. Despite the challenging environment, the team continues to focus on improving key areas of the business, including product range, value, store and sales channel development. Guardian Singapore relaunched its e-commerce platform in February, which supported around 40% growth in the year. In addition, new shop-in-shop concepts were executed in over 50 Giant stores in 2020. Guardian Malaysia reported triple-digit e-commerce growth in the year. Across our key geographies in Southeast Asia, localised versions of price reinvestment campaigns were also launched to enhance Guardian’s customer offering. New health and beauty concept stores have also been developed and will be rolled out in a disciplined manner in 2021. Within Guardian Health and Beauty, growth in Own Brand is an area of focus, with the team working on a number of initiatives to create scale and differentiation. In 2020, one highlight in this area was the Group’s new partnership with CP All to roll out Guardian products into around 12,000 7-Eleven stores across Thailand.

Robinsons Retail continued to successfully integrate Rustan Supercenters in 2020. However, its financial performance was impacted by restrictions on movement caused by COVID-19, particularly with respect to its discretionary retail businesses. In October, Dairy Farm deepened its partnership with Robinsons Retail by combining its interests in Rose Pharmacy with Robinsons Retail’s subsidiary Southstar Drug. The combination creates a leading pharmacy chain in the Philippines. The combined business will support greater competitiveness, create synergies and allow both Dairy Farm and Robinsons Retail to leverage scale.

4) Building Capability

The Group has balanced internal promotions with the introduction of external capability, and the change in leadership within the organisation has brought depth of experience and thinking to Dairy Farm. It has also led to a cultural shift within the Group in terms of our ways of working. In turn, this has supported the resilience of the business and our ability to adapt to rapidly evolving challenges posed by the pandemic, including different and changing approaches by governments in each of the regions in which we operate. Decisive action was taken to ensure joint co-ordination of: resourcing to support fluctuations in trading hours; inventory procurement to ensure stability of supply; supply of health and hygiene products for all team members; and clear, regular, consistent communications updates to all team members. One outcome of strong execution in this area has been that Dairy Farm has been at the forefront of ensuring our people's safety.

As we move to the next phase of our transformation, we are seeking to nurture talent from within through the development of our own graduate recruitment programmes and through close co-operation with the wider Jardine Matheson Group.

Our focus on building capability has not been limited to management positions above store level. We have also invested in our systems and processes to enhance our team members' skills on the shop floor in an agile manner. In 2020, we rolled out a new software system to train team members through mobile devices, which enables easy access to training on the shop floor and on the job. Now accessible to over 50,000 team members across the Group, the system also enabled the training of 22,000 team members within three weeks to support the successful and smooth rollout of the Yuu Rewards programme.

5) Driving Digital Innovation

Dairy Farm is accelerating the pace of its digital change to adapt to the rapidly changing environment.

The Yuu Rewards programme launched in July has been highly successful and total membership has now reached over three million. In 2020, the Yuu Rewards app was the most downloaded app on the Apple appstore in Hong Kong. Over 50 billion points have been earned, highlighting a high level of member engagement. We believe this is just the beginning, and we are excited to begin a deeper and more meaningful dialogue with our customers.

It has been well documented that the spread of the pandemic has led to a global surge in e-commerce growth. Strong online sales growth has supported our Home Furnishings business, with e-commerce penetration over 10% in 2020. We have also invested in infrastructure supporting e-commerce for Health and Beauty in Mannings businesses in both Hong Kong and the Chinese mainland, as well as cross-border e-commerce and Guardian in Southeast Asia. An all-new Marketplace app was also launched in 2020, with enhanced service capability to support fulfilment. E-commerce has been an area where Dairy Farm has historically lagged. However, the Group is now treating this area as a strategic priority.

In addition to growing e-commerce, the Group is investing significantly to enhance existing legacy IT systems to improve the digitisation of in-store operations. As an example, 7-Eleven South China began a project to upgrade 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 in 2020. In Cambodia, Lucky stores have also begun introducing new IT systems to support their future store development plans, with a new point-of-sale system implemented in December across the entire store network.

LEVERAGING SCALE

The key objective of our transformation is to leverage our expertise and scale more effectively across our countries and banners by operating more effectively as one Group. While we fully recognise that there needs to be a localisation of the offer and proposition at both banner and country levels, we also believe there are significant opportunities for us to drive efficiency and lower costs through a more cohesive approach towards leveraging synergy and scale.

Improvement programmes have remained a key area of focus in 2020. We are continuing to make progress in improving efficiency and utilising economies of scale to lower costs in areas such as Procurement, Category Management, People Development, Store Productivity, Supply Chain Optimisation and Business Process Re-engineering. Some examples of our progress this year include:

- Continued improvement in upstream fresh food procurement, with 60% of fresh produce volumes now jointly sourced across all Dairy Farm food businesses.
- Completion of a thorough and detailed work measurement study across banners and stores to understand precisely how long it takes team members to perform tasks, which will support future opportunities to enhance and improve roster planning.
- The consolidation of facilities management which has paved the way to the effective implementation of best practice energy controls, yielding energy cost savings of over US$8 million in 2020.

We continue to see further opportunities for enhanced efficiencies in 2021.

The Group has continued to make strong progress with respect to a more consistent Own Brand approach. Following its soft launch at the end of 2019, the Meadows brand was launched across our Grocery Retail banners in Hong Kong, Singapore and Malaysia. The number of SKUs in the range has now expanded to over 600, and where appropriate we have introduced Own Brand in other banners such as 7-Eleven and Mannings. A combination of international sourcing credentials, cost price, shelf price, quality, packaging, in-store presentation and marketing, together with a high degree of store team launch engagement, has enabled a high profile and successful full launch in 2020. Since launch, customer feedback has been very positive with strong customer recall and high quality and value perception. Sales performance has been very encouraging, and in the space of 12 months:

- Meadows potato chips are the number one brand in their category.
- Meadows nuts are the number one nut brand across the Hong Kong market.
- Meadows is now the overall number one brand in Dairy Farm supermarkets.

We remain very optimistic about the future prospects of Meadows and look forward to sharing exciting developments.

CARING FOR TEAM MEMBERS AND SUPPORTING OUR COMMUNITY

A key priority of the leadership team is to ensure the safety and well-being of our team members throughout this pandemic. While lockdowns, social distancing and stay at home orders have been in place, our businesses across the region have generally been regarded as essential services and remained open. Our team members are therefore placing themselves at risk every day and the Group continues investing significantly in a number of initiatives to ensure the health, safety and well-being of each team member.

Recognising the hardship faced by all members of the community during these challenging times, we responded by providing increased support to the communities that we serve. Some examples include Wellcome's significant 'Give Back' programme which involves the distribution of over two million cash and meal vouchers to the most in need groups in Hong Kong; Mannings' partnership with the Hong Kong Hospital Authority to provide medication collection services to local residents to reduce the risk of infection from hospital visits; and company matching of Yuu Rewards points donated by customers. In addition, we have introduced price investment programmes across our banners and geographies to drive value for customers.

In total, the Group has made over US$50 million of direct investments in supporting the health, safety and well-being of our team members as well as in supporting our communities as a result of COVID-19 in 2020. The Group will continue to invest to support our team members and community given the gravity of the impact of the pandemic.

I would also like to express my deep gratitude for the continuing dedication and resolve of team members in putting customers first during these difficult times.

BUSINESS REVIEW

FOOD

FOOD – GROCERY RETAIL

Total Grocery Retail sales increased by 3% to US$5.3 billion. This performance was driven by strong double-digit like-for-like sales growth, partially offset by the annualisation impact of the Group's space optimisation programme, which was executed in 2019. The strong like-for-like sales performance was driven by a combination of a shift in customer behaviour towards eating-at-home and operational improvements to our range, quality and pricing. Operating profit increased from US$63 million to US$267 million, primarily driven by strong sales performance and cost benefits from our improvement programmes.

Sales in Hong Kong and Macau were significantly ahead of the prior year, with strong double-digit like-for-like sales growth. Reported profitability was supported by strong sales growth, the ongoing execution of improvement programmes as well as government subsidies.

Our price reinvestment campaign in Taiwan, as well as changing customer behaviours, supported strong sales growth for Wellcome Taiwan. During the year, the Group announced that it had entered into an agreement with Carrefour for them to acquire 100% of Wellcome Taiwan. By bringing these businesses together, team members and customers will benefit from being served by a larger group that can use its combined strength and scale to improve quality, service and price competition. The transaction completed on 31st December 2020 and the combined entity now becomes the largest multi-format food retailer in Taiwan.

In Southeast Asia, strong like-for-like sales performance in Singapore and Malaysia was partially offset by challenging trading conditions in Indonesia. Profitability for Southeast Asia was supported by strong sales performance, as well as key programmes implemented as part of the Group's multi-year transformation. In particular, performance from the Group's store revitalisation and price reinvestment programmes has been encouraging. Profitability in Indonesia, however, reduced significantly due to weak sales performance.

During the year, the Group launched price reinvestment campaigns across key regions to continue to support our customer value proposition.

FOOD – CONVENIENCE

Convenience sales were impacted by disruption caused by the COVID-19 pandemic, which significantly impacted traffic into stores. Total sales reduced by 4% to US$2.1 billion, with reduced like-for-like sales partially offset by some new store growth in South China. Operating profit reduced to US$57 million, driven by a combination of a shortfall in sales, store disruption and a product mix shift towards lower margin product categories.

We continue to invest in the growth of our 7-Eleven store network in Guangdong. During the year, 7-Eleven South China began a project to significantly upgrade 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. Upon implementation the system will support the business in scaling up both its company-owned and franchise store networks.

HEALTH AND BEAUTY

Sales for our Health and Beauty Division were impacted significantly by disruption caused by the COVID-19 pandemic. The performance of Mannings in North Asia was impacted by reduced foot traffic from a lack of visitors into both Hong Kong and Macau. Following strong like-for-like sales performance in the first quarter, Guardian's sales growth decelerated significantly due to government restrictions on movement for the remainder of the year. Reported sales for the Health and Beauty Division were US$2.0 billion in 2020, 35% below the prior year.

Operating profit was US$66 million in 2020, a significant reduction relative to the US$296 million reported in the prior year. The reduction in profitability was primarily due to a shortfall in sales, partially offset by government subsidies.

Faced with difficult trading conditions and a lack of tourist traffic, the Health and Beauty Division has focused on price investment to ensure relevance to our customers. In addition, the Group believes investments in digital, store design, the Yuu Rewards programme and Own Brand development will support market share growth.

In October, the Group deepened its partnership with Robinsons Retail by combining its interests in Rose Pharmacy with Robinsons Retail's subsidiary Southstar Drug. The combination creates a leading pharmacy chain in the Philippines.

HOME FURNISHINGS

Despite the challenges posed by COVID-19, we continued to invest in the future growth of our Home Furnishings business in 2020. Sales grew by 9% to a record US$832 million. The contribution of new stores and strong e-commerce growth more than offset the negative effect on like-for-like sales from COVID-19 related impacts on traffic and operations. Trading in Indonesia was most impacted by the pandemic due to operating capacity limitations and intermittent temporary store closures.

The Home Furnishings business has been proactive in developing online capability and has been evolving its online template to build a new website proposition within each of our markets. This initiative has facilitated strong growth in online penetration since 2017, with overall online penetration now over 10% of sales.

Operating profit was US$71 million for the year, a significant increase of US$28 million from the prior year. The strong profit growth was driven by an incremental profit contribution from new stores opened, reduced cost of goods, strong operating cost control, lower pre-opening expenses for new store openings and some benefits from government subsidies. Store trading disruption due to COVID-19 did partially impact profit performance, particularly in Indonesia.

During 2020, we opened one new store in Macau during the height of the pandemic, as well as a new larger replacement store in Taiwan, with performance for both stores encouraging. The pandemic has impacted the timeline for our new planned store openings in Indonesia and we now expect two additional store openings in 2021. By the end of 2021, we will have 15 stores opened across our markets against a base of 10 at the end of 2017. This represents the fastest growth in IKEA in our 42 years of franchise ownership and will make Dairy Farm the second largest IKEA franchise globally.

RESTAURANTS

The global pandemic, which has led to government-imposed restrictions on movement and social distancing measures, has caused a significant reduction in customer visits to Maxim's restaurants, as well as leading to some temporary closures and adjusted operating hours. Maxim's reported sales of US$2.1 billion in 2020, a 24% reduction compared to the prior year.

Weak sales performance led to a significant reduction in profitability, with Dairy Farm's share of Maxim's profits reducing by US$46 million to US$36 million. Maxim's profitability was supported by strong cost control, reduced rental expenses and government support in the year.

Whilst trading conditions were challenging, Maxim's remains committed to pursuing its multi-brand strategy. During the year, Maxim's announced that it had expanded its partnership with Shake Shack across China. The first Beijing store opened in the third quarter and there are plans to open more stores in South China including locations in Shenzhen, Guangzhou, Fuzhou and Xiamen. Maxim's has also secured the Starbucks franchise in Laos, with the first store planned to be opened in 2021. Maxim's has now secured the Starbucks franchise in seven markets.

OTHER ASSOCIATES

Yonghui delivered significant sales growth in the first six months of 2020, driven by robust like-for-like sales growth and strong e-commerce growth. Profitability also increased strongly over this period. Tighter family disposable income as well as more intense competition, however, did contribute to a slowdown in sales performance in the third quarter of the year.

Robinsons Retail's financial performance in 2020 was impacted by government restrictions on movement due to the pandemic, particularly with respect to its discretionary formats. Robinsons Retail's core supermarket format reported strong growth in sales and profitability driven by a combination of changing customer behaviours and the successful integration of Rustan Supercenters.

YEAR AHEAD

Undoubtedly, 2020 was a challenging year. The extent and duration of the impact of the pandemic in 2021 remains unclear, and this year is likely to remain challenging. Despite the

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short-term impact from the pandemic, however, our team members remain motivated, determined and resolute in the continued execution of the Dairy Farm multi-year transformation plan. We are halfway through that plan and there is much still to do. Despite all adverse external influences, the transformation plan remains on track. While financial results do not yet reflect the efforts made to date, we are confident that the actions being taken remain the right ones and the Company is in a far better shape now to face the challenges of the market going forward.

I would like to thank my Leadership Team, their teams and every team member in our stores who have worked tirelessly for Dairy Farm over the last three years to get us this far. Our store teams do deserve a special mention. In every country where lockdowns were put in place and populations were encouraged and even mandated to stay home for their safety, our store and supply chain teams turned up to do their jobs in genuinely dangerous circumstances. I could not be more grateful for their support.

Ian McLeod
Group Chief Executive

Dairy Farm International Holdings Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2020

	2020 Underlying business performance **US$m**	**2020** Non-trading items **US$m**	**2020** Total **US$m**	2019 Underlying business performance US$m	2019 Non-trading items US$m	2019 Total US$m
Sales *(note 2)*	**10,268.5**	**-**	**10,268.5**	11,192.3	-	11,192.3
Cost of sales	**(7,077.7)**	**-**	**(7,077.7)**	(7,658.5)	-	(7,658.5)
Gross margin	**3,190.8**	**-**	**3,190.8**	3,533.8	-	3,533.8
Other operating income *(note 3)*	**355.4**	**75.2**	**430.6**	189.8	19.3	209.1
Selling and distribution costs	**(2,575.8)**	**-**	**(2,575.8)**	(2,700.7)	-	(2,700.7)
Administration and other operating expenses	**(558.8)**	**(98.7)**	**(657.5)**	(586.4)	(30.2)	(616.6)
Operating profit *(note 4)*	**411.6**	**(23.5)**	**388.1**	436.5	(10.9)	425.6
Financing charges	**(145.1)**	**-**	**(145.1)**	(164.9)	-	(164.9)
Financing income	**2.4**	**-**	**2.4**	6.7	-	6.7
Net financing charges *(note 5)*	**(142.7)**	**-**	**(142.7)**	(158.2)	-	(158.2)
Share of results of associates and joint ventures *(note 6)*	**76.0**	**8.9**	**84.9**	114.9	11.4	126.3
Profit before tax	**344.9**	**(14.6)**	**330.3**	393.2	0.5	393.7
Tax *(note 7)*	**(74.2)**	**0.4**	**(73.8)**	(69.5)	0.8	(68.7)
Profit after tax	**270.7**	**(14.2)**	**256.5**	323.7	1.3	325.0
Attributable to:						
Shareholders of the Company	**275.7**	**(4.7)**	**271.0**	320.9	2.9	323.8
Non-controlling interests	**(5.0)**	**(9.5)**	**(14.5)**	2.8	(1.6)	1.2
	270.7	**(14.2)**	**256.5**	323.7	1.3	325.0
	US¢		**US¢**	US¢		US¢
Earnings per share *(note 8)*						
- basic	**20.38**		**20.03**	23.72		23.93
- diluted	**20.37**		**20.03**	23.71		23.92

Dairy Farm International Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2020

	2020 US$m	2019 US$m
Profit for the year	**256.5**	325.0
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	**16.3**	15.9
Tax relating to items that will not be reclassified	**(2.7)**	(2.4)
	13.6	13.5
Share of other comprehensive income of associates and joint ventures	**2.2**	0.7
	15.8	14.2
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences		
- net gain arising during the year	**109.4**	25.5
- transfer to profit and loss	**(16.9)**	3.4
	92.5	28.9
Cash flow hedges		
- net loss arising during the year	**(11.6)**	(2.6)
- transfer to profit and loss	**2.8**	(5.5)
	(8.8)	(8.1)
Tax relating to items that may be reclassified	**1.8**	1.6
Share of other comprehensive income of associates and joint ventures	**0.5**	2.8
	86.0	25.2
Other comprehensive income for the year, net of tax	**101.8**	39.4
Total comprehensive income for the year	**358.3**	364.4
Attributable to:		
Shareholders of the Company	**373.9**	362.1
Non-controlling interests	**(15.6)**	2.3
	358.3	364.4

Dairy Farm International Holdings Limited
Consolidated Balance Sheet
at 31st December 2020

	2020 US$m	2019 US$m
Net operating assets		
Intangible assets	**420.6**	589.2
Tangible assets	**771.9**	820.2
Right-of-use assets	**2,872.1**	3,186.3
Associates and joint ventures	**2,256.5**	2,101.9
Other investments	**6.0**	6.8
Non-current debtors	**114.8**	142.4
Deferred tax assets	**15.5**	18.2
Non-current assets	**6,457.4**	6,865.0
Stocks	**778.7**	896.1
Current debtors	**303.6**	281.3
Current tax assets	**28.0**	26.1
Cash and bank balances	**277.6**	301.4
	1,387.9	1,504.9
Non-current assets held for sale *(note 10)*	**55.2**	-
Current assets	**1,443.1**	1,504.9
Current creditors	**(2,060.5)**	(2,315.4)
Current borrowings	**(852.0)**	(938.2)
Current lease liabilities	**(684.1)**	(728.3)
Current tax liabilities	**(84.7)**	(126.5)
Current provisions	**(43.8)**	(56.0)
Current liabilities	**(3,725.1)**	(4,164.4)
Net current liabilities	**(2,282.0)**	(2,659.5)
Long-term borrowings	**(242.3)**	(184.0)
Non-current lease liabilities	**(2,386.3)**	(2,577.5)
Deferred tax liabilities	**(44.3)**	(34.9)
Pension liabilities	**(13.4)**	(31.3)
Non-current creditors	**(43.2)**	(13.2)
Non-current provisions	**(110.0)**	(125.1)
Non-current liabilities	**(2,839.5)**	(2,966.0)
	1,335.9	1,239.5

(Consolidated Balance Sheet continued on page 22)

Dairy Farm International Holdings Limited
Consolidated Balance Sheet *(continued)*
at 31st December 2020

	2020 US$m	2019 US$m
Total equity		
Share capital	**75.1**	75.1
Share premium and capital reserves	**59.6**	59.2
Revenue and other reserves	**1,187.6**	1,074.9
Shareholders' funds	**1,322.3**	1,209.2
Non-controlling interests	**13.6**	30.3
	1,335.9	1,239.5

Dairy Farm International Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31st December 2020

	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**
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 *(note 11)*	-	-	-	(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**
2019							
At 1st January	75.1	33.9	24.4	993.0	1,126.4	35.5	1,161.9
Total comprehensive income	-	-	-	362.1	362.1	2.3	364.4
Dividends paid by the Company *(note 11)*	-	-	-	(284.0)	(284.0)	-	(284.0)
Unclaimed dividends forfeited	-	-	-	0.1	0.1	-	0.1
Share-based long-term incentive plans	-	-	0.9	-	0.9	-	0.9
Change in interests in subsidiaries	-	-	-	0.8	0.8	(7.5)	(6.7)
Change in interests in associates and joint ventures	-	-	-	2.9	2.9	-	2.9
Transfer	-	0.2	(0.2)	-	-	-	-
At 31st December	75.1	34.1	25.1	1,074.9	1,209.2	30.3	1,239.5

Revenue and other reserves at 31st December 2020 comprised revenue reserves of US$1,417.5 million *(2019: US$1,388.5 million)*, hedging reserves of US$9.4 million loss *(2019: US$0.7 million gain)* and exchange reserves of US$220.5 million loss *(2019: US$314.3 million loss)*.

Dairy Farm International Holdings Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2020

	2020 **US$m**	2019 US$m
Operating activities		
Operating profit *(note 4)*	**388.1**	425.6
Depreciation and amortisation	**983.4**	1,002.2
Other non-cash items	**(16.6)**	33.2
Increase in working capital	**(102.1)**	(76.7)
Interest received	**3.5**	7.1
Interest and other financing charges paid	**(146.3)**	(166.7)
Tax paid	**(110.4)**	(25.1)
	999.6	1,199.6
Dividends from associates and joint ventures	**67.6**	88.5
Cash flows from operating activities	**1,067.2**	1,288.1
Investing activities		
Purchase of subsidiaries *(note 12(a))*	**(21.4)**	(2.6)
Purchase of associates and joint ventures *(note 12(b))*	**(18.3)**	(3.8)
Purchase of intangible assets	**(20.7)**	(53.2)
Purchase of tangible assets	**(227.2)**	(233.3)
Additions to right-of-use assets	**-**	(18.4)
Sale of subsidiaries *(note 12(c))*	**193.1**	-
Sale of a property *(note 12(d))*	**2.8**	22.6
Sale of tangible assets	**5.3**	5.7
Cash flows from investing activities	**(86.4)**	(283.0)
Financing activities		
Change in interest in a subsidiary *(note 12(e))*	**(1.9)**	(6.7)
Drawdown of borrowings	**1,115.9**	1,778.4
Repayment of borrowings	**(918.5)**	(1,662.6)
Net decrease in other short-term borrowings	**(268.1)**	(42.4)
Principal elements of lease payments	**(706.5)**	(790.3)
Dividends paid by the Company *(note 11)*	**(263.8)**	(284.0)
Cash flows from financing activities	**(1,042.9)**	(1,007.6)
Net decrease in cash and cash equivalents	**(62.1)**	(2.5)
Cash and cash equivalents at 1st January	**288.3**	284.5
Effect of exchange rate changes	**8.0**	6.3
Cash and cash equivalents at 31st December *(note 12(f))*	**234.2**	288.3

Dairy Farm International Holdings Limited
Notes

1. Accounting Policies and Basis of Preparation

The financial information contained in this announcement has been based on the audited results for the year ended 31st December 2020 which have been prepared in conformity with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and Interpretations adopted by the International Accounting Standards Board.

The Group has elected to early adopt the 'Interest Rate Benchmark Reform – Phase 1: Amendments to IFRS 9, IAS 39 and IFRS 7' (effective 1st January 2020) in relation to hedge accounting for the Group's annual reporting period commencing 1st January 2019.

The Group has adopted the following changes in relation to rent concessions for the annual reporting period commencing 1st January 2020.

COVID-19 Related Rent Concessions: Amendment to IFRS 16 Leases
The Group has early adopted the Amendment, which is effective 1st June 2020. Where the Group is a lessee, the practical expedient is applied to account for the change in lease payments resulting from rent concessions granted as a direct consequence of the COVID-19 pandemic and elects not to assess these concessions as lease modifications when all of the following conditions are met:

(i) the revised lease payments are substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(ii) reduction in lease payments relates to payment due on or before 30th June 2021; and
(iii) there is no substantive change to the other terms and conditions of the lease.

Rent concessions fulfilling the above conditions are recognised in the profit and loss over the period in which they cover.

Apart from the above, there are no other amendments which are effective in 2020 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.

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.

2. Sales

	Including associates and joint ventures		Subsidiaries	
	2020	2019	**2020**	2019
	US$m	US$m	**US$m**	US$m
Analysis by operating segment:				
Food	**22,106.2**	19,907.3	**7,447.2**	7,375.6
- Grocery retail	**19,900.5**	17,603.4	**5,347.5**	5,190.2
- Convenience stores	**2,205.7**	2,303.9	**2,099.7**	2,185.4
Health and Beauty	**2,400.8**	3,400.8	**1,989.7**	3,051.0
Home Furnishings	**831.6**	765.7	**831.6**	765.7
Restaurants	**2,064.2**	2,701.2	**-**	-
Other Retailing	**756.3**	890.0	**-**	-
	28,159.1	27,665.0	**10,268.5**	11,192.3

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. Dairy Farm 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 mainland China). 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 represent 12 months from October 2019 to September 2020 *(2019: October 2018 to September 2019)* and that of Robinsons Retail represent 12 months from October 2019 to September 2020 *(2019: 11 months from date of acquisition, November 2018 to September 2019)*, based on their latest published announcements *(note 6)*.

2. Sales *(continued)*

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

	Including associates and joint ventures		Subsidiaries	
	2020 **US$m**	2019 US$m	**2020** **US$m**	2019 US$m
Analysis by geographical area:				
North Asia	**21,122.6**	20,560.3	**6,802.9**	7,339.5
Southeast Asia	**7,036.5**	7,104.7	**3,465.6**	3,852.8
	28,159.1	27,665.0	**10,268.5**	11,192.3

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

3. Other Operating Income

	2020 **US$m**	2019 US$m
Concession and service income	**126.8**	159.3
Rental income from properties	**12.3**	23.3
Profit on sale of businesses	**75.2**	-
Profit on sale of a property	**-**	15.7
Government grants and rent concessions	**207.2**	-
Adjustment to deferred consideration for acquisition of a subsidiary	**-**	3.6
Net foreign exchange gains and others	**9.1**	7.2
	430.6	209.1

In relation to the COVID-19 pandemic, the Group had received government grants of US$138.7 million, the majority of which were in support of employee retention, and rent concessions of US$68.5 million for the year ended 31st December 2020.

4. Operating Profit

	2020 **US$m**	2019 US$m
Analysis by operating segment:		
Food	**324.2**	145.1
- Grocery retail	**267.4**	63.1
- Convenience stores	**56.8**	82.0
Health and Beauty	**65.7**	295.5
Home Furnishings	**70.5**	42.7
	460.4	483.3
Selling, general and administrative expenses	**(119.8)**	(143.4)
Underlying operating profit before IFRS 16*	**340.6**	339.9
IFRS 16 adjustment^	**71.0**	96.6
Underlying operating profit	**411.6**	436.5
Non-trading items:		
- business restructuring costs	**(58.8)**	(15.6)
- impairment of intangible assets	**(38.6)**	-
- profit on sale of businesses	**75.2**	-
- (loss)/profit on sale of a property	**(0.5)**	15.7
- loss on reclassification of a joint venture as a subsidiary	**-**	(13.9)
- adjustment to deferred consideration for acquisition of a subsidiary	**-**	3.6
- fair value loss on equity investments	**(0.8)**	(0.7)
	388.1	425.6

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

	2020 **US$m**	2019 US$m
Analysis by geographical area:		
North Asia	**388.5**	443.4
Southeast Asia	**71.9**	39.9
	460.4	483.3
Selling, general and administrative expenses	**(119.8)**	(143.4)
Underlying operating profit before IFRS 16*	**340.6**	339.9
IFRS 16 adjustment^	**71.0**	96.6
Underlying operating profit	**411.6**	436.5

* 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.

5. Net Financing Charges

	2020 US$m	2019 US$m
Interest expense		
- bank loans and advances	**(28.3)**	(41.8)
- lease liabilities	**(111.0)**	(119.2)
- other loans	**(0.8)**	-
	(140.1)	(161.0)
Commitment and other fees	**(5.0)**	(3.9)
Financing charges	**(145.1)**	(164.9)
Financing income	**2.4**	6.7
	(142.7)	(158.2)

6. Share of Results of Associates and Joint Ventures

	2020* US$m	2019* US$m
Analysis by operating segment:		
Food	**46.7**	40.9
- Grocery retail	**47.5**	40.7
- Convenience stores	**(0.8)**	0.2
Health and Beauty	**1.3**	(1.4)
Restaurants	**36.4**	82.1
Other Retailing	**0.5**	4.7
	84.9	126.3

6. Share of Results of Associates and Joint Ventures *(continued)*

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

	2020* **US$m**	2019* US$m
Change in fair value of Yonghui's equity investments	**0.6**	(0.4)
Change in fair value of Robinsons Retail's equity investments	**0.3**	-
Net gains from divestment of an investment/partial divestment of a subsidiary by Yonghui	**7.8**	11.8
Net gain from divestment of a subsidiary by Robinsons Retail	**0.2**	-
	8.9	11.4

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 of US$76.1 million, the majority of which were in support of employee retention, and rent concessions of US$28.6 million for the year ended 31st December 2020.

* Included Yonghui's 12 months results from October 2019 to September 2020 *(2019: October 2018 to September 2019)* and Robinsons Retail's 12 months results from October 2019 to September 2020 *(2019: 11 months results from November 2018 to September 2019) (note 2)*.

7. Tax

	2020 US$m	2019 US$m
Tax charged to profit and loss is analysed as follows:		
Current tax	**(64.4)**	(76.7)
Deferred tax	**(9.4)**	8.0
	(73.8)	(68.7)
Tax relating to components of other comprehensive income is analysed as follows:		
Remeasurements of defined benefit plans	**(2.7)**	(2.4)
Cash flow hedges	**1.8**	1.6
	(0.9)	(0.8)

Tax on profits has been calculated at rates of taxation prevailing in the territories in which the Group operates. Share of tax charge of associates and joint ventures of US$9.9 million *(2019: US$30.7 million)* is included in share of results of associates and joint ventures.

8. Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US$271.0 million *(2019: US$323.8 million)*, and on the weighted average number of 1,352.7 million *(2019: 1,352.7 million)* shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$271.0 million *(2019: US$323.8 million)*, and on the weighted average number of 1,353.3 million *(2019: 1,353.4 million)* shares in issue after adjusting for 0.6 million *(2019: 0.7 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.

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:

	2020			2019		
	US$m	Basic earnings per share **US¢**	Diluted earnings per share **US¢**	US$m	Basic earnings per share US¢	Diluted earnings per share US¢
Profit attributable to shareholders	**271.0**	**20.03**	**20.03**	323.8	23.93	23.92
Non-trading items *(note 9)*	**4.7**			(2.9)		
Underlying profit attributable to shareholders	**275.7**	**20.38**	**20.37**	320.9	23.72	23.71

9. 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, 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.

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

	Operating profit		Profit attributable to shareholders	
	2020 US$m	2019 US$m	**2020 US$m**	2019 US$m
Business restructuring costs				
- impairment of right-of-use assets	**(30.5)**	(1.9)	**(27.2)**	(1.9)
- (impairment)/reversal of impairment of tangible assets	**(18.8)**	4.4	**(16.7)**	4.4
- other	**(9.5)**	(18.1)	**(7.0)**	(15.7)
	(58.8)	(15.6)	**(50.9)**	(13.2)
Impairment of intangible assets	**(38.6)**	-	**(36.6)**	-
Profit on sale of businesses	**75.2**	-	**75.2**	-
(Loss)/profit on sale of a property	**(0.5)**	15.7	**(0.5)**	15.7
Loss on reclassification of a joint venture as a subsidiary	**-**	(13.9)	**-**	(13.9)
Adjustment to deferred consideration for acquisition of a subsidiary	**-**	3.6	**-**	3.6
Share of net gains from divestment of an investment/partial divestment of a subsidiary by Yonghui	**-**	-	**7.8**	11.8
Share of net gain from divestment of a subsidiary by Robinsons Retail	**-**	-	**0.2**	-
Other	**(0.8)**	(0.7)	**0.1**	(1.1)
	(23.5)	(10.9)	**(4.7)**	2.9

Following a store performance review of the Grocery Retail business in Indonesia in late 2020, certain non-performing stores have been identified for closure with restructuring costs of US$34.5 million recorded, comprising of impairments against certain tangible assets and right-of-use assets, rent compensation and the expected payments to employees. Impairments of US$29.9 million were recorded against other tangible assets and right-of-use assets as a result of the review, whereby the carrying value of the assets were not supported by their value-in-use.

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 2020 and 2019. There were also costs related to exit of some stores in mainland China in 2019.

9. Non-trading Items *(continued)*

Impairment of intangible assets related to the impairment of goodwill associated with PT Hero Supermarket Tbk (‘PT Hero’) after the impairment review.

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 in December and US$22.0 million loss on disposal of 100% interest in Rose Pharmacy, Inc. (‘Rose Pharmacy’) to a subsidiary of Robinsons Retail, in October *(note 12(c))*.

In 2019, the Group acquired the remaining 70% shareholding in Jutaria Gemilang Sdn. Bhd. (‘Jutaria’) which resulted in a loss on deemed disposal of US$9.5 million. Following the acquisition, the Group disposed of its 30% economic interest to a third party at no consideration. Together with the full impairment charge on the goodwill arising from acquisition of US$4.4 million, a loss on reclassification of a joint venture as a subsidiary of US$13.9 million was recorded *(note 12(a))*.

10. Non-current Assets Held for Sale

At 31st December 2020, the non-current assets held for sale represented six retail properties in Malaysia and three properties in Taiwan. The sale of these properties is highly probable in 2021 at amounts not materially different from their carrying values.

11. Dividends

	2020 **US$m**	2019 US$m
Final dividend in respect of 2019 of US¢14.50 *(2018: US¢14.50)* per share	**196.1**	196.1
Interim dividend in respect of 2020 of US¢5.00 *(2019: US¢6.50)* per share	**67.7**	87.9
	263.8	284.0

A final dividend in respect of 2020 of US¢11.50 *(2019: US¢14.50)* per share amounting to a total of US$155.6 million *(2019: US$196.1 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2021 Annual General Meeting. This amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2021.

12. Notes to Consolidated Cash Flow Statement

(a) Purchase of subsidiaries

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.

Net cash outflow in 2019 represented US$2.6 million for the acquisition of the remaining 70% shareholding in Jutaria which operates mini-marts in Malaysia *(note 9)*.

The fair values of the identifiable assets and liabilities at the acquisition date of the subsidiary acquired during 2019 were provisional and finalised in 2020 with no change to the provisional values.

(b) Purchase of associates and joint ventures 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.

Purchase in 2019 mainly related to capital injection of US$3.8 million in the Group's business in Vietnam.

(c) 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**

12. Notes to Consolidated Cash Flow Statement *(continued)*

(c) Sale of subsidiaries *(continued)*

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 *(note 9)*.

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 *(note 9)*.

(d) Sale of a property

Sale of a property in 2020 and 2019 related to disposal of a property in Malaysia and Singapore, respectively.

(e) 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. In 2019, an additional 2.75% interest was acquired for US$6.7 million.

(f) Analysis of balances of cash and cash equivalents

	2020 US$m	2019 US$m
Cash and bank balances	**277.6**	301.4
Bank overdrafts	**(43.4)**	(13.1)
	234.2	288.3

13. Capital Commitments and Contingent Liabilities

Total capital commitments at 31st December 2020 amounted to US$137.5 million *(2019: US$338.8 million)*.

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.

14. Related Party Transactions

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

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

Under the terms of a Management Services Agreement, the management fee payable by the Group was US$1.4 million *(2019: US$1.6 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$0.4 million in 2020 *(2019: US$0.5 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 2020 were US$2.6 million *(2019: US$3.3 million)*. The Group's 50%-owned associate, Maxim's Caterers Limited ('Maxim's'), also paid lease payments of US$10.2 million *(2019: US$13.5 million)* to HKL in 2020.

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 2020 amounted to US$1.2 million *(2019: US$4.9 million)*.

Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. In 2020, these amounted to US$28.8 million *(2019: US$32.4 million)*.

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.

There were no other related party transactions that might be considered to have a material effect on the financial position or performance of the Group that were entered into or changed during the year.

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

Dairy Farm International Holdings Limited
Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk will be set out in more detail in the Corporate Governance section of the Company's 2020 Annual Report (the 'Report'). The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom and are in addition to the matters referred to in the Chairman's Statement, the Group Chief Executive's Review and other parts of the 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.

Commercial Risk and Financial 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 in respect of developments or projects and these 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 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, which could affect the Group's profitability.

The steps taken by the Group to manage its exposure to financial risk will be set out in the Financial Review and in a note to the Financial Statements in the Report.

Concessions, Franchises and Key Contracts
A number of the Group's businesses and projects are reliant on concessions, franchises, management or other key contracts. Cancellation, expiry or termination, or the renegotiation of any such concessions, franchises, management or other key contracts, could have an adverse effect on the financial condition and results of operations of certain subsidiaries, associates and joint ventures of the Group.

Regulatory and Political Risk
The Group's businesses are subject to a number of regulatory regimes in the territories in which 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.

Terrorism, Pandemic and Natural Disasters
The Group's operations are vulnerable to the effects of terrorism, either directly through the impact of an act of terrorism or indirectly through the effect on the Group's businesses of generally reduced economic activity in response to the threat, or an actual act, of terrorism.

The Group 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 from time to time natural disasters such as earthquakes, volcanoes and typhoons.

Technology Risk
The Group has invested significantly in and 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 have a significant impact on operations. The ability to anticipate and adapt to technology advancements or threats is an additional risk that may also have an impact on the business.

Cybersecurity Risk
The Group faces increasing numbers of cyberattacks from groups targeting both individuals and businesses. The privacy and security of customer and corporate information is 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.

Dairy Farm International Holdings Limited
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 the Company's 2020 Annual 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

Dairy Farm International Holdings Limited
Dividend Information for Shareholders

The final dividend of US¢11.50 per share will be payable on 12th May 2021, subject to approval at the Annual General Meeting to be held on 5th May 2021, to shareholders on the register of members at the close of business on 26th March 2021. The shares will be quoted ex-dividend on 25th March 2021, and the share registers will be closed from 29th March to 2nd April 2021, inclusive.

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 2020 final dividend by notifying the United Kingdom transfer agent in writing by 28th April 2021. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 3rd May 2021.

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

Shareholders on the Singapore branch register who wish to deposit their shares into the CDP system by the dividend record date, being 26th March 2021, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, by no later than 5.00 p.m. (local time) on 25th March 2021.

Dairy Farm International Holdings Limited
About Dairy Farm

Dairy Farm is a leading pan-Asian retailer. At 31st December 2020, the Group and its associates and joint ventures operated around 10,000 outlets and employed some 220,000 people. The Group had total annual sales in 2020 exceeding US$28 billion.

The Group provides quality and value to Asian consumers by offering leading brands, a compelling retail experience and great service; all delivered through a strong store network supported by efficient supply chains.

The Group operates under a number of well-known brands across five divisions. The principal brands are:

Food
- Grocery retail – Wellcome in Hong Kong S.A.R.; Yonghui in Chinese mainland; Cold Storage in Malaysia and Singapore; Giant in Indonesia, Malaysia and Singapore; Hero in Indonesia; and Robinsons in the Philippines.
- Convenience stores – 7-Eleven in Hong Kong and Macau S.A.R., Singapore and Southern China.

Health and Beauty
- Mannings in Greater China; Guardian in Brunei, Cambodia, Indonesia, Malaysia, Singapore and Vietnam.

Home Furnishings
- IKEA in Hong Kong and Macau S.A.R., Indonesia and Taiwan.

Restaurants
- Hong Kong Maxim's Group in Cambodia, Chinese mainland, Hong Kong and Macau S.A.R., Malaysia, Singapore, Thailand and Vietnam (directly and via various joint ventures or franchises).

Other Retailing
- Robinsons in the Philippines operating department stores, specialty and DIY stores.

Dairy Farm International Holdings Limited is incorporated in Bermuda and has a standard 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. Dairy Farm is a member of the Jardine Matheson Group.

- end -

For further information, please contact:

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Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2020 can be accessed through the Internet at www.dairyfarmgroup.com.