Announcement

3rd March 2022

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
2021 PRELIMINARY ANNOUNCEMENT OF RESULTS

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

"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."

Ben Keswick
Chairman

Results

	Year ended 31st December		
	2021	2020	Change
	US$m	US$m	%
Combined total sales including 100% of associates and joint ventures	**27,684**	28,159	–2
Sales	**9,015**	10,269	–12
Underlying profit attributable to shareholders*	**105**	276	–62
Profit attributable to shareholders	**103**	271	–62
	US¢	US¢	%
Underlying earnings per share*	**7.73**	20.38	–62
Earnings per share	**7.61**	20.03	–62
Dividends per share	**9.50**	16.50	–42

* 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¢6.50 per share will be payable on 11th May 2022, subject to approval at the Annual General Meeting to be held on 5th May 2022, to shareholders on the register of members at the close of business on 18th March 2022.

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DAIRY FARM INTERNATIONAL HOLDINGS LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

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[1] 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 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

[1] Net subsidies are government subsidies less additional costs incurred by the business in continuing to operate through the pandemic

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

GROUP CHIEF EXECUTIVE'S REVIEW

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 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.

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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.

BUSINESS REVIEW

FOOD

FOOD – GROCERY RETAIL

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.

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.

FOOD – CONVENIENCE

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.

HEALTH AND BEAUTY

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.

HOME FURNISHINGS

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.

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.

RESTAURANTS

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.

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.

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.

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

Dairy Farm International Holdings Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2021

	2021 Underlying business performance **US$m**	Non-trading items **US$m**	Total **US$m**	2020 Underlying business performance US$m	Non-trading items US$m	Total US$m
Sales *(note 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 *(note 3)*	**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 *(note 4)*	**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 *(note 5)*	**(118.8)**	**-**	**(118.8)**	(142.7)	-	(142.7)
Share of results of associates and joint ventures *(note 6)*	**(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 *(note 7)*	**(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 *(note 8)*						
- basic	**7.73**		**7.61**	20.38		20.03
- diluted	**7.73**		**7.61**	20.37		20.03

Dairy Farm International Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2021

	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	**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

Dairy Farm International Holdings Limited
Consolidated Balance Sheet
at 31st December 2021

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

(Consolidated Balance Sheet continued on page 28)

Dairy Farm International Holdings Limited
Consolidated Balance Sheet *(continued)*
at 31st December 2021

	2021 US$m	2020 US$m
Total equity		
Share capital	**75.2**	75.1
Share premium and capital reserves	**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

Dairy Farm International Holdings Limited
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 *(note 11)*	-	-	-	(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 *(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

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)*.

Dairy Farm International Holdings Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2021

	2021 US$m	2020 US$m
Operating activities		
Operating profit *(note 4)*	**310.8**	388.1
Depreciation and amortisation	**885.7**	983.4
Other non-cash items	**(63.7)**	(16.6)
Increase in working capital	**(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 *(note 12(a))*	**-**	(21.4)
Purchase of associates and joint ventures *(note 12(b))*	**(1.6)**	(18.3)
Purchase of other investments *(note 12(c))*	**(5.0)**	-
Purchase of intangible assets	**(26.9)**	(20.7)
Purchase of tangible assets	**(185.1)**	(227.2)
Sale of subsidiaries *(note 12(d))*	**-**	193.1
Sale of properties *(note 12(e))*	**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 *(note 12(f))*	**-**	(1.9)
Drawdown of borrowings	**1,248.3**	1,115.9
Repayment of borrowings	**(1,308.2)**	(918.5)
Net increase/(decrease) in other short-term borrowings	**88.7**	(268.1)
Principal elements of lease payments	**(672.0)**	(706.5)
Dividends paid by the Company *(note 11)*	**(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 *(note 12(g))*	**210.0**	234.2

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 2021 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.

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.

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.

1. Accounting Policies and Basis of Preparation *(continued)*

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.

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 6)*.

2. Sales *(continued)*

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

	Including associates and joint ventures		Subsidiaries	
	2021 US$m	2020 US$m	**2021 US$m**	2020 US$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. Other Operating Income

	2021 US$m	2020 US$m
Concession and service income	**118.4**	126.8
Rental income from properties	**11.0**	12.3
Profit on sale of businesses	**-**	75.2
Profit on sale of properties	**27.2**	-
Government grants and rent concessions	**53.6**	207.2
Change in fair value of equity investments	**0.5**	-
Net foreign exchange gains and others	**24.8**	9.1
	235.5	430.6

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.

4. 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.

5. 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)

6. 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

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)*:

	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)*.

7. 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)
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)

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$2.9 million *(2020: US$9.9 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$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.

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		
	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	**102.9**	**7.61**	**7.61**	271.0	20.03	20.03
Non-trading items *(note 9)*	**1.7**			4.7		
Underlying profit attributable to shareholders	**104.6**	**7.73**	**7.73**	275.7	20.38	20.37

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, 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.

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 12(e))*	**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.

9. Non-trading Items *(continued)*

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.

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 12 (d))*.

10. 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.

11. 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.

12. Notes to Consolidated Cash Flow Statement

(a) 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.

(b) 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.

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

(d) 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)*

(d) 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.

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.

(e) 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.

(f) 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.

(g) Analysis of balances of cash and cash equivalents

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

13. Capital Commitments and Contingent Liabilities

Total capital commitments at 31st December 2021 amounted to US$174.6 million *(2020: US$137.5 million).*

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.

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

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 Caterers Limited ('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)*.

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.

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 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, Group Chief Executive's Review and other parts of the Company's 2021 Annual Report (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.

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.

Commercial Risk *(continued)*
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.

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.

Financial and Treasury Risk *(continued)*
Mitigation Measures *(continued)*

- 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 will be set out in the Financial Review and in a note to the Financial Statements in the Report.

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.

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.

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 2021 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¢6.50 per share will be payable on 11th May 2022, subject to approval at the Annual General Meeting to be held on 5th May 2022, to shareholders on the register of members at the close of business on 18th March 2022. The shares will be quoted ex-dividend on 17th March 2022, and the share registers will be closed from 21st to 25th March 2022, 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 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')

<u>Shareholders who are on CDP's Direct Crediting Service ('DCS')</u>
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.

<u>Shareholders who are **not on** CDP's DCS</u>
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.

Shareholders on the Singapore branch register who wish to deposit their shares into the CDP system by the dividend record date, being 18th March 2022, 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 17th March 2022.

- more -

Dairy Farm International Holdings Limited
About DFI Retail Group

DFI Retail Group (the 'Group') is a leading pan-Asian retailer. At 31st December 2021, the Group and its associates and joint ventures operated over 10,200 outlets and employed some 230,000 people. The Group had total annual sales in 2021 exceeding US$27 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 (including associates and joint ventures) 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 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 Chinese mainland, Hong Kong and Macau S.A.R.; 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 Chinese mainland, Hong Kong and Macau S.A.R., Cambodia, Malaysia, Singapore, Thailand and Vietnam.

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

The 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.

- 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 2021 can be accessed through the Internet at www.dairyfarmgroup.com.