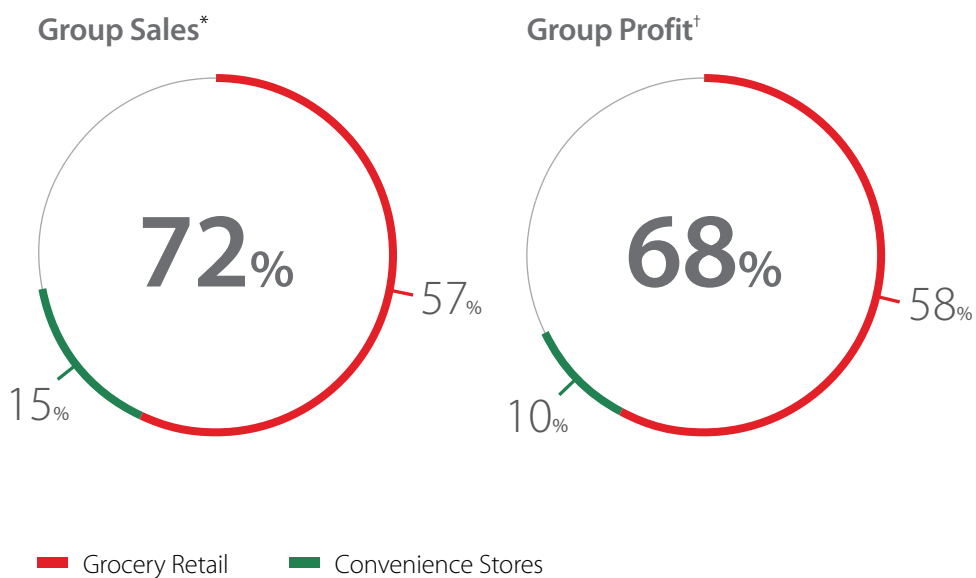




Food

Operating profit for Grocery Retail increased significantly, underpinned by strong sales performance and cost benefits from our improvement programmes. Convenience sales were impacted by disruption caused by the COVID-19 pandemic, which significantly impacted traffic into stores.



* Including share of associates and joint ventures.

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



■ Grocery Retail
■ Convenience Stores



US\$ **22.1** billion
Total Sales[†]

US\$ **324** million
Operating Profit

5,626 stores
Store Network[†]

[†] Including 100% of associates and joint ventures.





Grocery Retail

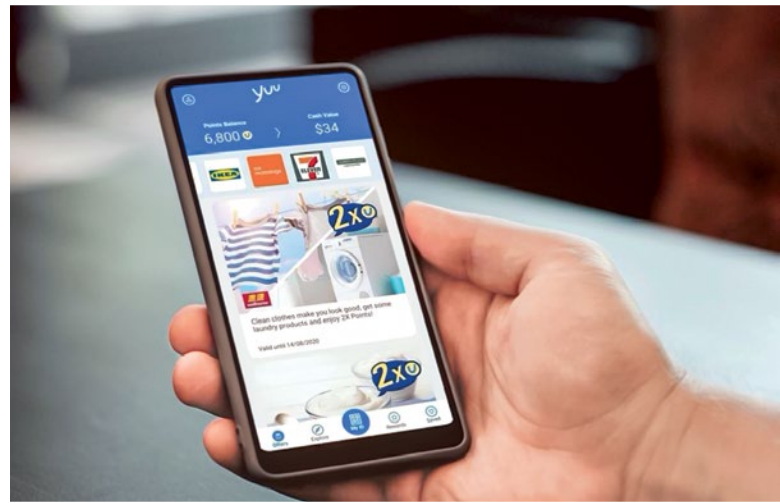
Dairy Farm's Grocery Retail business has been serving our customers for over 70 years. Today we lead the industry in Asia, offering the freshest produce, excellent service and great value through a range of iconic brands.

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

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

Our price reinvestment campaign in Taiwan, as well as changing customer behaviours, supported strong sales growth for Wellcome Taiwan. During the year, the Group announced that it had entered into an agreement with Carrefour for them to acquire 100% of Wellcome Taiwan.

Double-digit like-for-like sales growth drives strength in Grocery Retail performance.



Meadows is now the **number 1 brand** across Dairy Farm.

By bringing these businesses together, team members and customers will benefit from being served by a larger group that can use its combined strength and scale to improve quality, service and price competition. The transaction completed on 31st December 2020 and the combined entity now becomes the largest multi-format food retailer in Taiwan.

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

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

Convenience

With over 30 years of delivering the convenience shopping experience, Dairy Farm operates the 7-Eleven franchise in Hong Kong, Macau, South China and Singapore and offers innovative products and services to customers.

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

We continue to invest in the growth of our 7-Eleven store network in Guangdong. During the year, 7-Eleven South China began a project to significantly upgrade its legacy IT systems with a new end-to-end agile IT solution to support both an improved customer shopping experience and its future growth ambitions. Upon implementation the system will support the business in scaling up both its company-owned and franchise store networks.





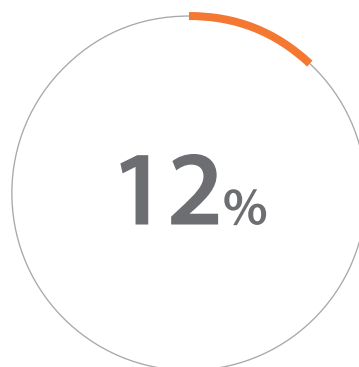
Health and Beauty

Sales for our Health and Beauty Division were impacted significantly by disruption caused by the COVID-19 pandemic. Faced with difficult trading conditions and a lack of tourist traffic, the Health and Beauty Division has focused on price investment to ensure relevance to our customers.

Group Sales*



Group Profit†



— Health and Beauty

* Including share of associates and joint ventures.

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

Business Review Health and Beauty



US\$ **2.4** billion
Total Sales[†]

US\$ **66** million
Operating Profit

2,029 stores
Store Network[†]

[†] Including 100% of associates and joint ventures.





Health and Beauty

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

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



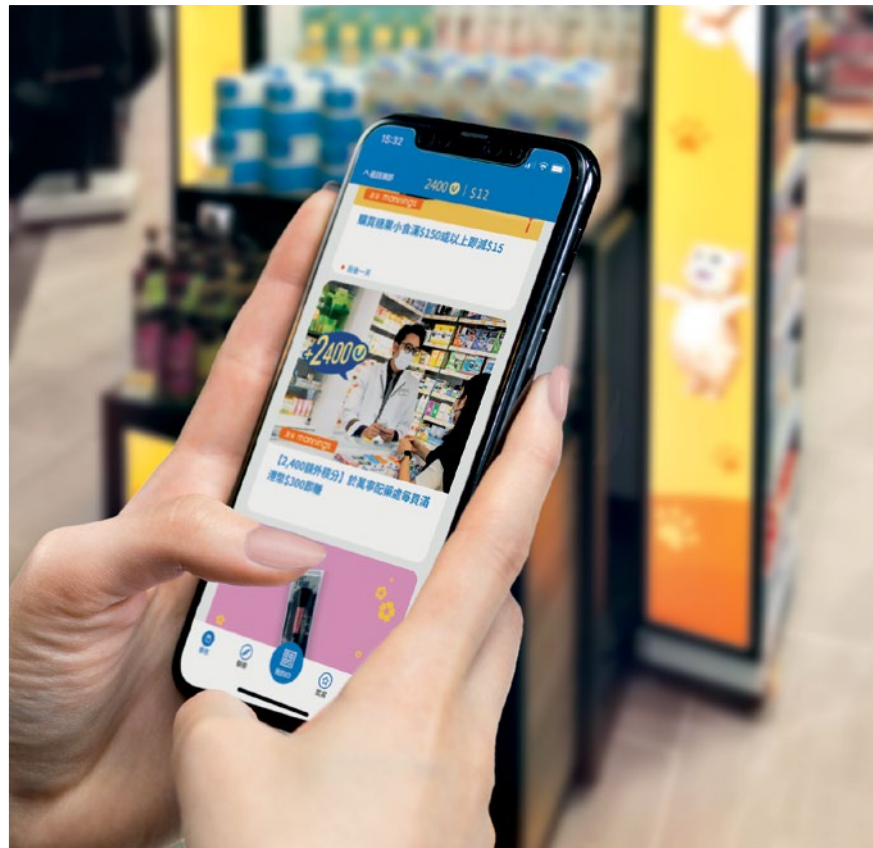
Mannings continued to focus on building its **customer value proposition** across key operating markets.

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

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

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



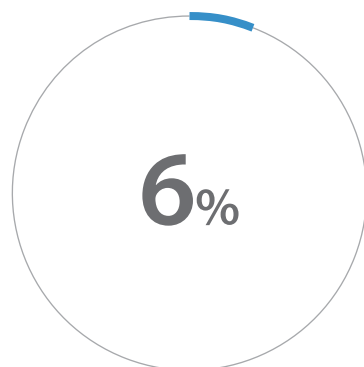




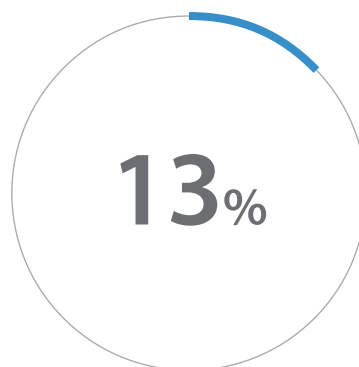
Home Furnishings

Despite the challenges posed by COVID-19, we continued to invest in the future growth of our Home Furnishings business in 2020. Sales grew by 9% to a record US\$832 million. The contribution of new stores and strong e-commerce growth more than offset the negative effect on like-for-like sales from COVID-19 related impacts on traffic and operations.

Group Sales*



Group Profit†



■ Home Furnishings

* Including share of associates and joint ventures.

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

Hong Kong
Macau
Taiwan

Indonesia

Home Furnishings

US\$ **832** million
Total Sales[†]

US\$ **71** million
Operating Profit

13 stores
Store Network[†]

[†] Including 100% of associates and joint ventures.





Home Furnishings

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

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

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



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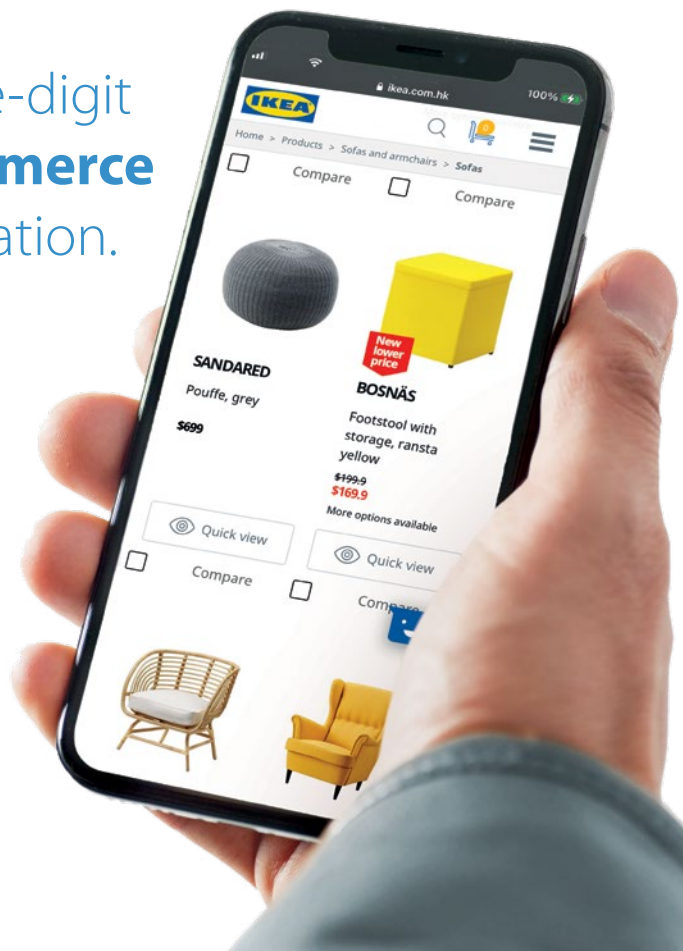
Operating profit was **US\$71 million** for the year, a significant increase of US\$28 million from the prior year.

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

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



Double-digit e-commerce penetration.

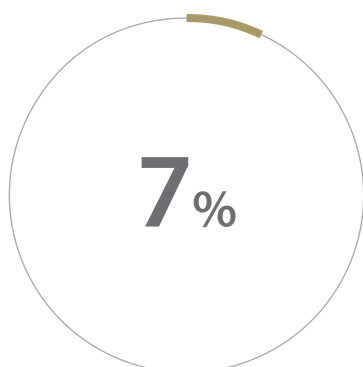




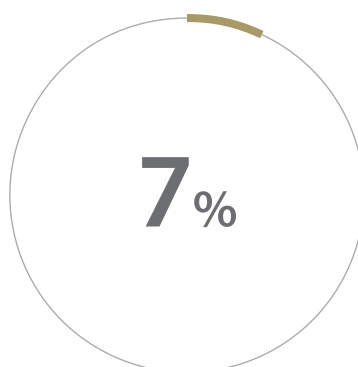
Restaurants

The global pandemic has caused a significant reduction in customer visits to Maxim's restaurants, as well as leading to some temporary closures and adjusted operating hours. Whilst trading conditions were challenging, Maxim's remains committed to pursuing its multi-brand strategy.

Group Sales*



Group Profit†



Restaurants

* Including share of associates and joint ventures.

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

Business Review Restaurants



■ Restaurants

US\$ **2.1** billion
Total Sales[†]

US\$ **36** million
Share of Results

1,741 stores
Store Network[†]

[†] Including 100% of associates and joint ventures.





Restaurants

Founded in 1956, Maxim's is a household name in Hong Kong, famous for its mooncakes and successful restaurants, bakeries, cafes and catering. The Maxim's network has expanded across Asia Pacific, with over 1,700 outlets in Hong Kong, Macau, mainland China, Vietnam, Cambodia, Thailand, Singapore and Malaysia.

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

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





Maxim's **mooncake sales** during Mid-Autumn Festival were encouraging.

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



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





Other Associates

The Group's investment in Yonghui and Robinsons Retail continued to support profitability and deliver encouraging returns, demonstrating the benefit of a diversified business portfolio.



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

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