

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

Interim Management Statement

28th April 2020 – Dairy Farm International Holdings Limited has today issued its Interim Management Statement for the first quarter of 2020.

The Group's overall performance in the period was significantly affected by the COVID-19 pandemic and deteriorating consumer sentiment. While Grocery Retail benefitted from changing customer behaviours as a result of anti-pandemic measures, as well as operational improvements and the continuing turnaround of the Southeast Asia business, these benefits were far outweighed by a deterioration in the first quarter in the performance of Health and Beauty in North Asia, Maxim's and the Group's Convenience business.

Total subsidiary sales decreased in the period. The Group's Grocery Retail business saw strong like-for-like sales growth. Within North Asia, however, there was a material reduction in sales in both the Health and Beauty and Convenience businesses, negatively impacting subsidiary sales overall.

The various government activities restricting movement have resulted in an increase in customers eating at home and building pantry reserves. As a result, the Group's Grocery Retail businesses have seen strong profit growth. In Southeast Asia, Grocery Retail maintained its strong turnaround momentum as the Group continued to execute its multi-year transformation plan.

The Group's Convenience businesses, however, were significantly constrained in the period, as movement restrictions and physical distancing requirements led to store closures in the Chinese Mainland and reduced customer numbers in Hong Kong and Singapore.

The performance of the North Asia Health and Beauty business was also significantly impacted by the effects of the measures taken by governments to counter the pandemic, as well as the continuing lack of custom from overseas tourists, despite seeing an initial surge in demand for personal protection products. In Southeast Asia, where pandemic-related restrictions were initially less severe, the business continued to perform well in the period. However, government policies enforcing social distancing began to take effect towards the end of the quarter in Malaysia and Indonesia which will adversely impact trading in the second quarter.

Sales in the Home Furnishings business were higher than the equivalent period last year. Strong e-commerce growth and the annualisation impact of new stores opened in the prior year more than compensated for the impact from pandemic-related measures on customer visits. However, profitability improved in the quarter as a result of lower pre-opening expenses and improved gross margins resulting from lower cost of goods sold.

Maxim's, the Group's 50%-owned associate, was significantly affected by a substantial reduction in restaurant customers and some temporary closures of its outlets. The Group is not in a position to comment on the performance of its other associates, Yonghui and Robinsons Retail, as both companies have yet to publish first quarter results.

In the coming period, the impact of COVID-19 and the measures to contain it is continuing to affect our operations. The Group has taken a series of steps to control costs and preserve its cash position. These actions include reviewing capital expenditure, implementing broader store efficiency initiatives, making productivity improvements and ensuring careful management of working capital.

The Group remains confident in its overall financial position. At 31st March 2020, the Group's net debt was US\$991 million with US\$456 million of liquidity, consisting of US\$248 million in cash reserves and US\$208 million in unused, committed debt facilities. In addition, the Group has secured US\$400 million of new committed banking facilities on longer tenors since the end of March. The Group's facilities are not subject to any cash flow covenants.

The wellbeing of our employees and customers is a top priority and we have taken a number of actions to mitigate the impact of the pandemic, including the adoption of a range of health and safety measures. Given the extraordinary circumstances, we would like to express our deep gratitude for the continuing dedication and resolve of team members in putting customers first during these difficult times.

While the pandemic is currently impacting the Group's operations and performance and there is an intense focus on addressing the immediate challenges faced by the Group, Dairy Farm remains committed to its multi-year transformation which is delivering sustainable improvements to the business over time, and it continues to pursue the strategic initiatives which will drive medium- to long-term growth.

Dairy Farm is a leading pan-Asian retailer. The Group, together with its associates and joint ventures, operates over 10,000 outlets – including grocery retail, convenience stores, health and beauty stores, home furnishings stores and restaurants – employing some 230,000 people, and had total sales in 2019 exceeding US\$27 billion. Dairy Farm International Holdings Limited is incorporated in Bermuda and has a standard listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore. It is a member of the Jardine Matheson Group.

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This and other Group announcements can be accessed through the Internet at 'www.dairyfarmgroup.com'.