Dairy Farm International Holdings Ltd
Jardine House, 33-35 Reid Street
Hamilton HM EX, Bermuda

To: Business Editor

2nd March 2017
For immediate release

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
2016 PRELIMINARY ANNOUNCEMENT OF RESULTS

Highlights

- Modest sales growth achieved in challenging markets
- Underlying profit up 7% at US$460 million
- Food, Home Furnishings and Restaurants deliver higher profits
- Additional contribution from Yonghui Superstores

"Despite the uncertain economic outlook for 2017, the Group continues to strengthen its businesses. Investments are being made to enhance its competitive position, increase customer convenience and adapt to emerging consumer trends. These investments, coupled with the exposure of its market-leading retail brands to Asia's growth markets, will support Dairy Farm's long-term success."

Ben Keswick
Chairman

Results

	Year ended 31st December **2016** **US$m**	2015 US$m	Change %
Sales			
- subsidiaries	**11,201**	11,137	+1
- including associates and joint ventures+	**20,424**	17,907	+14
Underlying profit attributable to shareholders*	**460**	428	+7
Profit attributable to shareholders	**469**	424	+11
	US¢	US¢	%
Underlying earnings per share*	**34.03**	31.66	+7
Basic earnings per share	**34.69**	31.39	+11
Dividends per share	**21.00**	20.00	+5

+ on a 100% basis.
* 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 1 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¢14.50 per share will be payable on 11th May 2017, subject to approval at the Annual General Meeting to be held on 3rd May 2017, to shareholders on the register of members at the close of business on 17th March 2017.

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DAIRY FARM INTERNATIONAL HOLDINGS LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

OVERVIEW

Dairy Farm achieved sound profit growth in 2016, its 130th anniversary year, despite soft consumer spending and intense pressure on pricing in most markets. Underlying net profit rose by 7% for the full year and by 11% in the second half compared with 2015. Improved operating margins in the Food Division and at IKEA, as well as strong contributions from Maxim's and Yonghui, underpinned the profit performance. The Group continued to make progress against its key strategic objectives and invested a further US$190 million in Yonghui Superstores to maintain its shareholding.

OPERATING PERFORMANCE

Sales for the year by the Group's subsidiaries of US$11.2 billion were 1% ahead of last year. Total sales, including 100% of associates and joint ventures, of US$20.4 billion were 14% higher than 2015, buoyed by stronger growth at Yonghui as well as an additional three months of contribution from Yonghui.

In the Food Division, sales were flat with the modest growth achieved in Hong Kong being offset by weaker sales in Southeast Asia, in part reflecting the Group's store rationalization programme. Operating profit in the Division improved, however, as the Group continued its initiatives to enhance gross margins and control costs.

In Health and Beauty, sales growth was achieved in difficult markets, but operating profit showed a modest decline principally due to lower gross margins and higher rents. In Home Furnishings, both sales and operating profit showed growth.

The operating margin gains together with increased contributions from Yonghui and Maxim's, partly offset by higher net financing charges, produced underlying profit attributable to shareholders up 7% at US$460 million and underlying earnings per share up 7% at US¢34.03.

The Group generated a net cash flow from operating activities of US$543 million, versus US$700 million in 2015. The reduction was due mainly to negative working capital movements from the timing of supplier payments and inventory accumulation for an earlier Chinese New Year in 2017. Net debt at the end of 2016 was US$641 million compared to US$482 million at the prior year end.

The Board recommends a final dividend of US¢14.50 per share, (up US¢1) for a total 2016 dividend of US¢21.00 per share, a 5% increase on the prior year.

BUSINESS DEVELOPMENTS

The Group is transforming itself to compete aggressively in a changing retail landscape. Central to this are a strong focus on understanding changing consumer behaviour, growing market share, building digital engagement with customers and sharing know-how across the Group. Investment is being sustained in supply chain, IT infrastructure and systems, and the skills and expertise of our people to support this transformation. Each business is committed to optimizing the shopping experience of its customers and to serving their evolving needs as efficiently as possible.

Increasing convenience through expansion and enhancement of the store network remains a high priority, although when necessary, underperforming stores will be closed. The Group's continuing operations, including associates and joint ventures, added a net 114 stores in 2016. At 31st December 2016, the Group had 6,548 stores in operation in 11 countries and territories, including its interest in 487 Yonghui stores in mainland China.

The Group accelerated its e-commerce presence in 2016 with a number of initiatives in its Home Furnishings, Food and Health and Beauty operations. Strategic initiatives on range enhancement also progressed in all formats, such as with increased fresh food penetration, higher Ready-to-Eat participation and a broader corporate brand range. The Group is increasingly leveraging its scale to provide a more extensive international range at more attractive prices, while the consumer offer is advancing through better in-store experiences and further investment in quality assurance.

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CORPORATE DEVELOPMENTS

In March, the Group refinanced its short-term borrowings through new bank loan facilities totalling US$900 million. The new facilities were used in part to finance the US$190 million additional investment in Yonghui in August, which maintained the Group’s 19.99% interest following a private placement by Yonghui of a 10% shareholding to JD.com.

In April, Maxim’s completed the acquisition of the COVA patisserie and restaurant franchise in Hong Kong. Maxim’s also opened its first The Cheesecake Factory restaurant in Shanghai Disney Town in June, and has launched a cakes and bakery joint venture in Thailand.

PT Hero completed the sale of its Starmart stores in Indonesia in September.

PEOPLE

Dairy Farm’s encouraging performance in 2016, in the face of challenging market conditions, reflects the resilience and resourcefulness of its people. On behalf of the Board, I would like to thank them for their efforts and wish them well for the year ahead.

James Riley stepped down as a Director on 31st March 2016, and was succeeded by John Witt on 1st April 2016. Y. K. Pang also joined the Board on 1st August 2016.

We were saddened by the death of Lord Leach in June 2016. He made a significant contribution to the Group and his wise counsel will be greatly missed.

PROSPECTS

Despite the uncertain economic outlook for 2017, the Group continues to strengthen its businesses. Investments are being made to enhance its competitive position, increase customer convenience and adapt to emerging consumer trends. These investments, coupled with the exposure of its market-leading retail brands to Asia’s growth markets, will support Dairy Farm’s long-term success.

Ben Keswick
Chairman

GROUP CHIEF EXECUTIVE'S REVIEW

In 2016, Dairy Farm celebrated its 130th anniversary. From its modest beginnings as a dairy farm in Pok Fu Lam, Hong Kong, in 1886, the Company has evolved into an expansive Asian retailer with 6,548 stores across 11 markets, five major formats, 20 retail brands and more than 180,000 employees.

While Hong Kong remains a key market for Dairy Farm, accounting for the largest proportion of revenue and operating profit, we now have a broad retail portfolio with exposure to many of the most exciting growth markets in Asia. Well established market positions have been built in Singapore, Malaysia and Indonesia, and more recently, investments have been made in China, the Philippines, Vietnam and Cambodia.

In 2016, Dairy Farm's businesses delivered encouraging results, while further investments were made to enhance our long-term competitive position in all our markets. These investments are helping us to adapt to current changes taking place in retail, where it is increasingly important to complement bricks and mortar stores with a digital presence. Shifts are also occurring in the balance between more local smaller stores and the more remote larger format offers. Interest in international product ranges is also higher than ever before. Dairy Farm is embracing these consumer trends and is making investments to strengthen our retail offer, to improve efficiency and to enrich the shopping experience of our customers.

2016 PERFORMANCE

Sales, excluding associates and joint ventures, of US$11.2 billion, were 1% ahead of the prior year in US dollar terms and 2% ahead in constant currency terms. Total sales, including 100% of associates and joint ventures, were US$20.4 billion, an increase of 14% in US dollar terms and 17% in constant currency terms. Underlying net profit rose by 7% to US$460 million, partly due to a 13 basis point net improvement in operating margins as well as increased contributions from Yonghui and Maxim's. Operating profit rose 6% and the Company generated net cash flow of US$543 million from its operating activities.

In our Food Division, sales were flat in US dollar terms, although up 1% in constant currency. In an environment of severe pressure on pricing, sales growth in Hong Kong supermarkets and in the convenience store businesses in Hong Kong, mainland China and Singapore helped to offset declines in the Group's supermarkets and hypermarkets in Singapore and Indonesia and largely flat sales elsewhere. The closure of a number of unprofitable stores in Singapore and Indonesia also weighed on sales performance. However, specific actions, including strategic store closures, prudent management of costs and more targeted promotional activity, delivered improved operating margins. Consequently, operating profit from the Division was up 13% to US$267 million, with the largest gains coming from Singapore and Indonesia.

Sales in our Health and Beauty Division were up by 3%, and 4% in constant currency. Gains in Hong Kong, mainland China, Singapore, Indonesia and the Philippines, offset disappointing sales in Malaysia. Operating profit, however, declined by 5% to US$175 million due mainly to lower gross margins and higher rents in Hong Kong, softer sales in Macau attributable to weakness in mainland visitor spending, and the combination of declining sales and rising costs in Malaysia. Encouraging progress in Mannings China and significant margin gains in Rose Pharmacy in the Philippines were very promising developments for the Division.

In our Home Furnishings Division, sales and operating profit were up by 5% and 11%, respectively. Sales and profit gains were strong in Taiwan and the performance in our single IKEA store in Indonesia was also very pleasing in its second full year of operation.

Dairy Farm's Restaurants Division, Maxim's, delivered another year of good results. A very successful mooncake programme during the Chinese Mid-Autumn Festival bolstered its sales and profit performance. Regional expansion continued with Starbucks in Vietnam and Cambodia, and Maxim's established a cakes and bakery joint venture in Thailand.

Our 19.99% owned associate, Yonghui Superstores, opened a net 105 new stores in China underpinning a 17% growth in revenue. Improvements in margins led to higher year-on-year profits.

STRATEGIC PROGRESS

In 2016, significant progress was made in pursuit of the Group's strategic priorities, which are important to the long-term growth prospects of our businesses. Further investments will be made in the coming year to build on the progress to date.

Create a consumer-centric business model

Understanding our customers' needs, and delivering an in-store experience that meets them, is at the heart of our consumer-centric retail model.

We are implementing a new SAP merchandising system across the Group that will greatly enhance our processes and our business analytics. In 2016, the implementation of the new system was completed in Mannings China and Guardian Singapore, and has begun in both Giant and Guardian in Malaysia. Additional merchandising training has been added to strengthen our category management capability across the Group.

The corporate brand programme in both Food and Health and Beauty continues to provide value and differentiation to customers. In 2016, we launched over 1,500 new SKUs. Further product range innovation is focused on improving local relevance and creating a differentiated assortment through our international supplier network. To embed enhanced quality into our assortment and operating practices, we have strengthened our quality assurance and food safety teams across the Group. Investment in existing store refurbishments and additional service counters are also being undertaken to enhance the customer experience.

Leverage our regional presence and scale

There is increased focus on direct sourcing from international and domestic suppliers. The reduced reliance on third party distributors should deliver a more differentiated range and reduce costs. We are looking to consolidate common ranges across business units and simplify the supply chain to lower cost and improve replenishment frequency. Common sourcing opportunities are also being pursued in fresh food, including the use of mainland Chinese suppliers developed through our Yonghui relationship. A new buying office established in Hong Kong manages common sourcing in general merchandise to maximize Group-wide cooperation on regular range and seasonal promotions.

Deliver greater convenience for customers

During 2016 we continued to expand our store network to increase convenience across our formats. The Group's continuing operations, including associates and joint ventures, opened 114 net new stores, including 97 net new supermarkets and hypermarkets, 46 net new convenience stores and 71 net new restaurant outlets, although it was necessary to have a net reduction of 100 Health and Beauty stores due to rationalization, particularly in Indonesia.

IKEA will open its fourth Hong Kong store in Tsuen Wan in the second half of 2017, and has identified a site for its second Indonesian store in Jakarta. During 2016, IKEA also created three new pick-up points in Hong Kong, Macau and Taiwan to provide more convenient options for its customers closer to home. In parallel, e-commerce initiatives are being pursued by most of our formats to deliver a multi-channel shopping experience for our customers. In 2016, IKEA launched its online offering in Hong Kong, Macau and Indonesia, and this was expanded to Taiwan in February 2017. Separately, Wellcome in Hong Kong has enhanced its MarketPlace online offer with improved fulfilment options. Strengthening our digital presence and putting consumers in charge of the way they access our brands, is a key priority for all our businesses.

Invest in a modern, efficient supply chain

Our modern retail formats rely on a centralized distribution centre approach to drive efficiencies and stock availability levels. In 2016, centralization rates, which capture the percentage of products delivered to our stores via our own distribution centres, improved in most businesses, leading to enhanced in-store product availability.

Further investments have also been made in our fresh supply chain. A new fresh food distribution centre was opened in Singapore during the year, which has enhanced product quality. This is important for the future growth of both Cold Storage and Giant, providing better quality control, cost savings and the potential for higher value food production. A new fresh food distribution centre is being built in Malaysia, and will open in the second half of 2017, while in the Philippines, a new fresh food distribution centre will open in the first half of the year.

Build people capability across Asia

Retail is a people intensive business. Over 180,000 people are employed across Dairy Farm's own operations and those of its associates and joint ventures. We rely on the dedication and resourcefulness of our people to welcome more than 6.6 million consumers every day. We are developing a culture which rewards people who champion innovation and demonstrate a bias for collaboration, while delivering results. To support our ambitious growth plans, we are also building capability in the key retail functions of merchandising, operations, supply chain, IT and quality assurance.

These priorities have broad application across each of our formats. They have been important contributors to our 2016 performance and will sharpen the competitive edge of our businesses for the longer term. Accordingly, further steps are planned in 2017 to accelerate progress on all of these fronts.

BUSINESS REVIEW

FOOD

Food (excluding Yonghui) reported US$8.2 billion in sales, in line with last year and 1% ahead in constant currency. Operating profit increased significantly to US$267 million, 14% ahead of prior year in constant currency, driven by margin recovery across the Division.

Our continued drive to improve our fresh, corporate brand and Ready-to-Eat ('RTE') offerings helped bolster sales in most markets. However, difficult trading conditions in Malaysia and Indonesia led to lower sales, with increasing competition from smaller format retailers being a key factor.

FOOD – SUPERMARKETS AND HYPERMARKETS

Sales of US$6.2 billion from our supermarkets and hypermarkets (excluding Yonghui) were in line with last year in constant currency while operating profit increased by 13% to US$194 million.

HONG KONG AND MACAU

Wellcome in Hong Kong drove higher sales through further efforts to strengthen its fresh offer and enhanced its merchandise assortment leading to better appeal to local consumers despite uncertainties in the local economy. Operating profit was lower, principally due to a continued rise in rental costs and competitor promotional activities. In Macau, San Miu achieved sales and operating profit growth in its first full year in the Group with range enhancement and increased fresh participation.

TAIWAN

In Taiwan, sales and operating profit were ahead of last year. A new 'superstore' concept was introduced for Wellcome with two net new stores opening during the year, while Jason's continued its store expansion and upscale leadership.

INDONESIA

The retail landscape in Indonesia was challenging with limited recovery in consumer confidence and significant competition from the continued rollout of mini-market stores across the country, which impacted sales growth at supermarkets and hypermarkets. Nevertheless, improved margins, from pricing and promotional activities, the closure of a number of underperforming stores and tighter cost control boosted profitability. Improving the fresh assortment and revitalizing the upscale Hero brand remain key focus areas for the business.

MALAYSIA

In Malaysia, sales and operating profit were behind 2015. Persistent low consumer confidence together with ongoing price controls following the introduction of GST continues to weigh on performance. Despite this, improvements to our fresh offer yielded positive results, and sales participation of private label increased.

THE PHILIPPINES

The Philippines recorded a strong year with all banners reporting like-for-like sales growth and improved profitability. A more appealing fresh assortment coupled with tactical pricing and successful marketing activities underpinned an encouraging increase in footfall. Rustan's benefited from increased sales of its imported and exclusive brands, while measures to improve cost efficiency were also implemented.

SINGAPORE

In Singapore, sales were down year-on-year due to continued poor consumer sentiment and the impact of store rationalization. Cold Storage achieved an encouraging operating profit increase, despite reduced sales following the closure of underperforming stores. Giant saw steady sales and positive profit growth, driven by increased margins and lower operating costs. A new fresh distribution centre opened in May 2016. In the coming year, we aim to invest in the renewal of customer facing and back office technologies to improve our customer experience and internal efficiency whilst optimizing ranges and supply chain productivity.

VIETNAM

In Vietnam, Giant again posted sound sales growth, from our single store, with increased customer traffic being the main driver.

CAMBODIA

In Cambodia, the Group saw encouraging increases in like-for-like sales and operating profit. The business reduced costs through labour efficiency improvements.

FOOD – CONVENIENCE STORES

Convenience stores reported US$2.0 billion in sales, an increase of 5% over the previous year in constant currency terms. Operating profit increased by 15% to US$73 million.

HONG KONG AND MACAU

In Hong Kong, 7-Eleven outpaced the competition and grew sales and operating profit despite soft consumer sentiment and difficult market conditions. Like-for-like sales strengthened during the year supported by promotions, range improvements (including RTE) and new products. A slight gross margin improvement led to a higher operating profit despite cost increases from labour and rent. In Macau, sales were flat and operating profit was lower due to slowing tourist numbers and a substantial cigarette tax increase in 2015.

MAINLAND CHINA

In mainland China, 7-Eleven continued its solid growth and passed its 800th store milestone. During the year, sales and operating profit increased, with store network expansion and like-for-like sales growth. RTE sales growth combined with attractive consumer promotions supported this achievement. In 2017, 7-Eleven will further expand its store network and develop its RTE consumer offer, driven by range, quality and innovation.

SINGAPORE

In Singapore, 7-Eleven achieved positive like-for-like sales growth arising from a store re-ranging project with a strong focus on RTE, including the successful introduction of new private label products sourced from 7-Eleven Japan. Operating profit was significantly ahead of 2015 due to these initiatives and the rationalization of loss making stores. The RTE range will be further expanded in 2017 and there will be increased focus on acquiring new profitable sites.

INDONESIA

In Indonesia, the Group completed its disposal of the Starmart chain.

HEALTH AND BEAUTY

Health and Beauty achieved US$2.6 billion in total sales, an increase of 4% in constant currency, although operating profit declined 5% to US$175 million due to margin pressure and higher rents.

HONG KONG AND MACAU

In Hong Kong, Mannings' sales increased in 2016 despite having fewer stores than the previous year. As mainland Chinese tourist arrivals continued to decline, promotional campaigns and loyalty programmes were launched throughout the year targeting local consumers. Sales were flat in Macau as mainland Chinese tourist arrivals remained soft. Operating profit in both Hong Kong and Macau declined due to lower gross margin and higher costs driven by rental increases.

MAINLAND CHINA

In mainland China, Mannings showed gradual improvement with solid sales growth, particularly in baby care, beauty care and personal care, while the contribution from corporate brands increased.

SINGAPORE

In Singapore, Guardian reported growth in sales, while operating profit also increased with higher gross margins and greater focus on cost and shrinkage management, partially offset by higher rental costs. A new SAP merchandising system went live smoothly in September.

MALAYSIA

In Malaysia, Guardian experienced a challenging year with lower sales and operating profit due to subdued consumer sentiment, increased competition and weakness in the ringgit. The year-on-year impact on sales of the introduction of GST in 2015 was felt in the first quarter however momentum improved in the second half.

INDONESIA

In Indonesia, Guardian had a strong year, delivering sales growth despite the net closure of 73 stores. Double-digit like-for-like sales growth was achieved for the fifth year in a row. Operating profit was ahead of 2015 with higher gross margins and the benefits of the store rationalization programme undertaken during the year.

VIETNAM

In Vietnam, Guardian recorded another strong year of double-digit sales growth and improvement in gross margin. Corporate brand penetration increased significantly as brands such as Botaneco Garden proved popular with local consumers.

CAMBODIA

In Cambodia, good progress was made in developing this new market, with range expansion and increased corporate brand penetration supporting strong like-for-like sales.

THE PHILIPPINES

In its second year in the Group, Rose Pharmacy in the Philippines delivered performance improvement through sales growth, gross margin enhancement, better cost efficiency and the closure of a number of underperforming stores. Guardian brand products were launched with encouraging early signs of customer acceptance.

HOME FURNISHINGS

Home Furnishings again achieved record sales and operating profit during 2016. In constant currency terms, operating profit rose by 12% to US$71 million driven by increased sales of US$597 million, 6% ahead of 2015.

Sales and operating profit were higher than last year in all three markets. Like-for-like sales growth was particularly strong in Taiwan and Indonesia.

Hong Kong led the Group in introducing new concepts to increase consumer access, launching online shopping in April 2016 and opening two pick-up points in Macau and on Hong Kong Island. Indonesia introduced online shopping in July. Taiwan opened a pick-up point in Hsinchu and launched online shopping in February 2017.

We continued to strengthen our low price image through ongoing price investment, and increased our focus on market specific products to enhance our local consumer appeal.

In the coming year, Home Furnishings plans both to continue its push in consumer accessibility and to drive forward its expansion plans, having identified a second Indonesia store location and opening a fourth store in Hong Kong in the second half of 2017.

RESTAURANTS

Restaurants reported US$2.0 billion in total sales, an increase of 7% over the prior year, while profit contribution increased by 4%. The business delivered another year of record earnings in a difficult market environment while continuing to expand outside Hong Kong.

In 2016, Maxim's celebrated its 60th anniversary and continued its success in developing new concepts, business models and products.

In Hong Kong, the group realized steady sales growth, while continuing to update its consumer proposition. Maxim's mooncakes enjoyed very strong sales and operating profit growth driven by the popularity of the 'Lava Custard Mooncake'. The group expanded organically and via acquisition; opening their first food hall, TREATS, and acquiring COVA, a premium line of cake shops and restaurants.

Maxim's continued its expansion in mainland China, adding a net 16 new outlets across all brands. This brought new and exciting brands to the market, opening the first The Cheesecake Factory outlet in Asia at the Shanghai Disney Town adjacent to the new Disneyland theme park which opened in June. Maxim's is also managing several staff canteens at the theme park.

In Southeast Asia, the group is now operating over 20 Starbucks stores across Vietnam and Cambodia and performance is encouraging. In September 2016, the group entered Thailand and launched its first franchise, 'mx cakes and bakery', through a joint venture with ThaiBev, which has opened three outlets in Bangkok.

Looking ahead, the group continues to see various exciting opportunities, including entry into the Beijing market with the opening of Jade Garden, Café Landmark and The Cheesecake

Factory planned in 2017. Maxim's will also continue to explore franchise and acquisition opportunities across the region.

THE YEAR AHEAD

Retailers across the globe face unprecedented disruption from new business models as well as the changing lifestyles and increased expectations of consumers. In response, we will continue to focus on profitable business approaches in both our bricks and mortar stores and our digital presence as we innovate to improve our consumer offer and modernize our infrastructure. Dairy Farm's market-leading brands, strong cash generation, solid balance sheet and deep people capability place us in a good position to meet these challenges.

There remains a significant degree of economic uncertainty in a number of key markets in Asia and consumer confidence is mixed. In such times, delivering real value to customers and maximizing efficiencies are especially important. All of our businesses are focused on driving these efficiencies and improving our offerings to customers. This has reinforced our performance in 2016 and is the basis for continued confidence in the outlook for the Company.

With our proud, 130-year history of doing business in Asia, the depth of our Asian know-how and the breadth of our retail formats, we are uniquely placed to benefit from the growth prospects in the region.

The passion and commitment of our people underpin our performance and future growth and I am grateful to them for their contribution to another successful year at Dairy Farm.

Graham Allan
Group Chief Executive

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Dairy Farm International Holdings Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2016

	2016 Underlying business performance **US$m**	**2016** Non-trading items **US$m**	**2016** Total **US$m**	2015 Underlying business performance US$m	2015 Non-trading items US$m	2015 Total US$m
Sales *(note 2)*	**11,200.7**	**-**	**11,200.7**	11,137.3	-	11,137.3
Cost of sales	**(7,815.2)**	**-**	**(7,815.2)**	(7,852.1)	-	(7,852.1)
Gross margin	**3,385.5**	**-**	**3,385.5**	3,285.2	-	3,285.2
Other operating income *(note 3)*	**171.8**	**6.2**	**178.0**	170.5	0.5	171.0
Selling and distribution costs	**(2,634.9)**	**-**	**(2,634.9)**	(2,602.5)	-	(2,602.5)
Administration and other operating expenses	**(469.8)**	**-**	**(469.8)**	(417.9)	(4.7)	(422.6)
Operating profit *(note 4)*	**452.6**	**6.2**	**458.8**	435.3	(4.2)	431.1
Financing charges	**(23.3)**	**-**	**(23.3)**	(15.3)	-	(15.3)
Financing income	**1.5**	**-**	**1.5**	1.7	-	1.7
Net financing charges	**(21.8)**	**-**	**(21.8)**	(13.6)	-	(13.6)
Share of results of associates and joint ventures *(note 5)*	**114.5**	**3.7**	**118.2**	85.0	-	85.0
Profit before tax	**545.3**	**9.9**	**555.2**	506.7	(4.2)	502.5
Tax *(note 6)*	**(85.1)**	**-**	**(85.1)**	(84.4)	(0.1)	(84.5)
Profit after tax	**460.2**	**9.9**	**470.1**	422.3	(4.3)	418.0
Attributable to:						
Shareholders of the Company	**460.2**	**8.8**	**469.0**	428.1	(3.7)	424.4
Non-controlling interests	**-**	**1.1**	**1.1**	(5.8)	(0.6)	(6.4)
	460.2	**9.9**	**470.1**	422.3	(4.3)	418.0
	US¢		**US¢**	US¢		US¢
Earnings per share *(note 7)*						
- basic	**34.03**		**34.69**	31.66		31.39
- diluted	**34.02**		**34.68**	31.66		31.38

Dairy Farm International Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2016

	2016 US$m	2015 US$m
Profit for the year	**470.1**	418.0
Other comprehensive expense		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	**20.9**	(31.9)
Tax relating to items that will not be reclassified	**(4.4)**	6.1
	16.5	(25.8)
Share of other comprehensive expense of associates and joint ventures	**(1.1)**	(3.7)
	15.4	(29.5)
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences		
- net loss arising during the year	**(7.3)**	(118.9)
Revaluation of other investments		
- (loss)/gain arising during the year	**(0.9)**	1.6
Cash flow hedges		
- net gain arising during the year	**2.0**	0.4
- transfer to profit and loss	**(0.4)**	(1.9)
	1.6	(1.5)
Tax relating to items that may be reclassified	**(0.1)**	-
Share of other comprehensive expense of associates and joint ventures	**(76.4)**	(43.9)
	(83.1)	(162.7)
Other comprehensive expense for the year, net of tax	**(67.7)**	(192.2)
Total comprehensive income for the year	**402.4**	225.8
Attributable to:		
Shareholders of the Company	**398.0**	242.8
Non-controlling interests	**4.4**	(17.0)
	402.4	225.8

Dairy Farm International Holdings Limited
Consolidated Balance Sheet
at 31st December 2016

	2016 US$m	2015 US$m
Net operating assets		
Intangible assets	**765.1**	744.4
Tangible assets	**1,099.5**	1,140.8
Associates and joint ventures	**1,461.8**	1,292.1
Other investments	**5.9**	6.8
Non-current debtors	**150.8**	161.5
Deferred tax assets	**29.0**	35.0
Non-current assets	**3,512.1**	3,380.6
Stocks	**983.1**	936.8
Current debtors	**290.5**	233.8
Current tax assets	**16.8**	10.8
Bank balances and other liquid funds	**323.8**	258.5
	1,614.2	1,439.9
Non-current assets held for sale *(note 9)*	**2.6**	0.4
Current assets	**1,616.8**	1,440.3
Current creditors	**(2,327.9)**	(2,354.5)
Current borrowings	**(369.6)**	(729.6)
Current tax liabilities	**(58.6)**	(56.0)
Current provisions	**(14.8)**	(10.6)
Current liabilities	**(2,770.9)**	(3,150.7)
Net current liabilities	**(1,154.1)**	(1,710.4)
Long-term borrowings	**(595.0)**	(10.6)
Deferred tax liabilities	**(56.6)**	(55.3)
Pension liabilities	**(52.4)**	(71.4)
Non-current creditors	**(42.9)**	(43.6)
Non-current provisions	**(31.7)**	(34.1)
Non-current liabilities	**(778.6)**	(215.0)
	1,579.4	1,455.2
Total equity		
Share capital	**75.1**	75.1
Share premium and capital reserves	**59.4**	61.3
Revenue and other reserves	**1,370.8**	1,239.4
Shareholders' funds	**1,505.3**	1,375.8
Non-controlling interests	**74.1**	79.4
	1,579.4	1,455.2

Dairy Farm International Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31st December 2016

	Attributable to shareholders of the Company							Attributable to non-controlling interests	Total equity
	Share capital **US$m**	Share premium **US$m**	Capital reserves **US$m**	Revenue reserves **US$m**	Hedging reserves **US$m**	Exchange reserves **US$m**	Total **US$m**	**US$m**	**US$m**
2016									
At 1st January	75.1	31.1	30.2	1,561.3	0.3	(322.2)	1,375.8	79.4	**1,455.2**
Total comprehensive income	-	-	-	482.5	1.4	(85.9)	398.0	4.4	**402.4**
Dividends paid by the Company *(note 10)*	-	-	-	(270.4)	-	-	(270.4)	-	**(270.4)**
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(3.1)	**(3.1)**
Unclaimed dividends forfeited	-	-	-	0.6	-	-	0.6	-	**0.6**
Employee share option schemes	-	-	1.3	-	-	-	1.3	-	**1.3**
Change in interest in a subsidiary	-	-	-	-	-	-	-	(2.2)	**(2.2)**
Capital repayment to non-controlling interests	-	-	-	-	-	-	-	(4.4)	**(4.4)**
Transfer	-	-	(3.2)	3.2	-	-	-	-	**-**
At 31st December	**75.1**	**31.1**	**28.3**	**1,777.2**	**1.7**	**(408.1)**	**1,505.3**	**74.1**	**1,579.4**
2015									
At 1st January	75.1	30.5	28.6	1,461.6	1.7	(168.8)	1,428.7	93.8	1,522.5
Total comprehensive income	-	-	-	397.6	(1.4)	(153.4)	242.8	(17.0)	225.8
Dividends paid by the Company *(note 10)*	-	-	-	(311.0)	-	-	(311.0)	-	(311.0)
Employee share option schemes	-	-	2.2	-	-	-	2.2	-	2.2
Change in interests in subsidiaries	-	-	-	13.1	-	-	13.1	2.6	15.7
Transfer	-	0.6	(0.6)	-	-	-	-	-	-
At 31st December	75.1	31.1	30.2	1,561.3	0.3	(322.2)	1,375.8	79.4	1,455.2

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$469.0 million *(2015: US$424.4 million)* and net fair value loss on other investments of US$0.6 million *(2015: net fair value gain of US$1.3 million)*. Cumulative net fair value gain on other investments amounted to US$4.8 million (*2015: US$5.4 million)*.

Dairy Farm International Holdings Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2016

	2016 US$m	2015 US$m
Operating activities		
Operating profit *(note 4)*	**458.8**	431.1
Depreciation and amortization	**212.8**	212.0
Other non-cash items	**8.4**	25.2
(Increase)/decrease in working capital	**(97.1)**	73.0
Interest received	**1.3**	1.8
Interest and other financing charges paid	**(22.0)**	(15.0)
Tax paid	**(85.3)**	(90.2)
	476.9	637.9
Dividends from associates and joint ventures	**66.0**	61.9
Cash flows from operating activities	**542.9**	699.8
Investing activities		
Purchase of a subsidiary *(note 11(a))*	**-**	(146.6)
Purchases of associates and joint ventures *(note 11(b))*	**(197.0)**	(918.4)
Purchase of intangible assets	**(32.1)**	(41.9)
Purchase of tangible assets	**(212.5)**	(261.9)
Sale of convenience stores in Indonesia and restaurants in Cambodia	**5.1**	-
Sale of properties *(note 11(c))*	**7.2**	1.7
Sale of tangible assets	**1.3**	1.7
Cash flows from investing activities	**(428.0)**	(1,365.4)
Financing activities		
Change in interests in subsidiaries *(note 11(d))*	**(2.2)**	15.7
Capital repayment to non-controlling interests	**(4.4)**	-
Drawdown of borrowings	**1,769.7**	2,782.4
Repayment of borrowings	**(1,660.6)**	(2,209.3)
Net increase in other short-term borrowings *(note 11(e))*	**128.5**	-
Dividends paid by the Company *(note 10)*	**(270.4)**	(311.0)
Dividends paid to non-controlling interests	**(3.1)**	-
Cash flows from financing activities	**(42.5)**	277.8
Net increase/(decrease) in cash and cash equivalents	**72.4**	(387.8)
Cash and cash equivalents at 1st January	**256.7**	656.6
Effect of exchange rate changes	**(6.5)**	(12.1)
Cash and cash equivalents at 31st December *(note 11(f))*	**322.6**	256.7

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 2016 which have been prepared in conformity with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and Interpretations adopted by the International Accounting Standards Board.

The following amendments which are effective in the current accounting year and relevant to the Group's operations are adopted in 2016:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative: Presentation of Financial Statements
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Annual Improvements to IFRSs	2012 – 2014 Cycle

The adoption of the above amendments does not have a significant effect on the Group's accounting policies and disclosures.

2. SALES

	Including associates and joint ventures		Subsidiaries	
	2016 US$m	2015 US$m	**2016 US$m**	2015 US$m
Analysis by operating segment:				
Food	**15,174.7**	12,893.6	**8,167.9**	8,196.8
- Supermarkets/hypermarkets	**13,224.1**	11,012.3	**6,217.3**	6,315.5
- Convenience stores	**1,950.6**	1,881.3	**1,950.6**	1,881.3
Health and Beauty	**2,632.8**	2,563.1	**2,435.9**	2,372.5
Home Furnishings	**596.9**	568.0	**596.9**	568.0
Restaurants	**2,019.2**	1,882.3	**-**	-
	20,423.6	17,907.0	**11,200.7**	11,137.3

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

2. SALES *(continued)*

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board for the purpose of resource allocation and performance assessment. Dairy Farm operates in four segments: Food, Health and Beauty, Home Furnishings and Restaurants. Food comprises supermarket, hypermarket and convenience store businesses. Health and Beauty comprises the health and beauty businesses. Home Furnishings is the Group's IKEA businesses. Restaurants is the Group's catering associate, Maxim's, a leading Hong Kong restaurant chain.

3. OTHER OPERATING INCOME

	2016 US$m	2015 US$m
Concession and service income	**139.8**	136.0
Rental income from properties	**27.8**	30.0
Profit on sale of properties	**3.0**	0.5
Net closure costs reversal for convenience stores in Indonesia	**2.2**	-
Profit on sale of restaurants in Cambodia	**1.0**	-
Foreign exchange gains and others	**4.2**	4.5
	178.0	171.0

4. OPERATING PROFIT

	2016 US$m	2015 US$m
Analysis by operating segment:		
Food	**267.2**	235.8
- Supermarkets/hypermarkets	**193.7**	171.7
- Convenience stores	**73.5**	64.1
Health and Beauty	**175.5**	185.5
Home Furnishings	**70.6**	63.6
	513.3	484.9
Support office	**(60.7)**	(49.6)
	452.6	435.3
Non-trading items:		
- profit on sale of properties	**3.0**	0.5
- acquisition-related costs in business combination	**-**	(1.2)
- net closure costs reversal/(provision) for convenience stores in Indonesia	**2.2**	(3.5)
- profit on sale of restaurants in Cambodia	**1.0**	-
	458.8	431.1

5. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	2016 US$m	2015 US$m
Analysis by operating segment:		
Food - Supermarkets/hypermarkets	**35.6**	6.4
Health and Beauty	**(5.3)**	(5.7)
Restaurants	**87.9**	84.3
	118.2	85.0

Share of results of associates and joint ventures included our share of a net gain of US$3.7 million on a disposal of its interest in an associate by Yonghui Superstores Co., Ltd (‘Yonghui’) *(note 8).*

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

6. TAX

	2016 US$m	2015 US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	**(82.0)**	(82.9)
Deferred tax	**(3.1)**	(1.6)
	(85.1)	(84.5)
Tax relating to components of other comprehensive (expense)/income is analyzed as follows:		
Remeasurements of defined benefit plans	**(4.4)**	6.1
Revaluation of other investments	**0.2**	(0.3)
Cash flow hedges	**(0.3)**	0.3
	(4.5)	6.1

Tax on profit 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$29.4 million *(2015: US$21.9 million)* is included in share of results of associates and joint ventures.

7. EARNINGS PER SHARE

Basic earnings per share are calculated on profit attributable to shareholders of US$469.0 million *(2015: US$424.4 million)*, and on the weighted average number of 1,352.2 million *(2015: 1,352.1 million)* shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$469.0 million *(2015: US$424.4 million)*, and on the weighted average number of 1,352.5 million *(2015: 1,352.4 million)* shares in issue after adjusting for 0.3 million *(2015: 0.3 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:

	2016			2015		
	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	**469.0**	**34.69**	**34.68**	424.4	31.39	31.38
Non-trading items *(note 8)*	**(8.8)**			3.7		
Underlying profit attributable to shareholders	**460.2**	**34.03**	**34.02**	428.1	31.66	31.66

8. 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 gains and losses arising from the sale of businesses, investments and properties; impairment of non-depreciable intangible assets 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.

8. NON-TRADING ITEMS *(continued)*

An analysis of non-trading items after interest, tax and non-controlling interests is set out below:

	2016 US$m	2015 US$m
Profit on sale of properties	**2.5**	0.4
Acquisition-related costs in business combination	**-**	(1.2)
Net closure costs reversal/(provision) for convenience stores in Indonesia	**1.9**	(2.9)
Profit on sale of restaurants in Cambodia	**0.7**	-
Share of net gain from divestment in an associate by Yonghui	**3.7**	-
	8.8	(3.7)

9. NON-CURRENT ASSETS HELD FOR SALE

At 31st December 2016, the non-current assets held for sale represented a retail property in Taiwan and two apartments in Indonesia brought forward from 31st December 2015. The sale of these properties is expected to complete in 2017 at amounts not materially different from their carrying values.

At 31st December 2015, the non-current assets held for sale represented two apartments in Indonesia.

10. DIVIDENDS

	2016 US$m	2015 US$m
Final dividend in respect of 2015 of US¢13.50 *(2014: US¢16.50)* per share	**182.5**	223.1
Interim dividend in respect of 2016 of US¢6.50 *(2015: US¢6.50)* per share	**87.9**	87.9
	270.4	311.0

A final dividend in respect of 2016 of US¢14.50 *(2015: US¢13.50)* per share amounting to a total of US$196.1 million *(2015: US$182.5 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2017 Annual General Meeting. This amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2017.

11. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Purchase of a subsidiary

Net cash outflow for purchase of a subsidiary in 2015 represented US$146.6 million for acquisition of a 100% interest in San Miu Supermarket Limited, which operates a supermarket chain in Macau, in March 2015.

The fair values of the identifiable assets and liabilities of this subsidiary were finalized in December 2015 as set out below. The finalized goodwill was concluded at US$181.8 million as compared to the provisional goodwill of US$185.4 million, with an adjustment to decrease the goodwill by US$3.6 million.

	2015 US$m
Intangible assets	4.3
Tangible assets	4.6
Non-current debtors	0.7
Current assets	25.4
Current liabilities	(28.8)
Fair value of identifiable net assets acquired	6.2
Goodwill	181.8
Total consideration	188.0
Adjustment for deferred consideration	(25.0)
Cash and cash equivalents at the date of acquisition	(16.4)
Net cash outflow	146.6

The goodwill was attributable to its leading market position and retail network in Macau. None of the goodwill is expected to be deductible for tax purposes.

(b) Purchases of associates and joint ventures in 2016 mainly related to the Group's further investment in Yonghui, a Shanghai-listed hypermarket and supermarket operator in mainland China, amounting to US$190.2 million and capital injection of US$4.3 million in Rose Pharmacy, Inc. ('Rose') which operates a health and beauty business in the Philippines and US$2.5 million in the business in Vietnam.

Purchases in 2015 mainly related to the Group's acquisition of a 19.99% interest in Yonghui amounting to US$912.0 million and capital injection of US$3.9 million to the business in Vietnam and US$2.5 million in Rose.

(c) Sale of properties

Sale of properties in 2016 included sale of properties in Indonesia for a total cash consideration of US$7.2 million.

Sale in 2015 included sale of a property in Taiwan for a cash consideration of US$1.7 million.

11. NOTES TO CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(d) Change in interests in subsidiaries

In November 2016, the Group acquired an additional 0.52% interest in PT Hero Supermarket Tbk for a total consideration of US$2.2 million, whereas in 2015, an additional 2.86% interest was acquired for US$18.5 million.

In February 2015, the Group completed the sale of 30% of the ordinary share capital in GCH Retail (Malaysia) Sdn. Bhd. ('GCH Malaysia'), the Group's hypermarket and supermarket operator in Malaysia, to Circular Assets Sdn. Bhd., a wholly-owned subsidiary of Syarikat Pesaka Antah Sdn. Bhd., for net proceeds of US$34.2 million, to maintain compliance with the 'Guidelines on Foreign Participation in the Distributive Trade Services' issued by the Ministry of Domestic Trade, Co-operatives and Consumerism of Malaysia. The sale represented a 15% economic interest in GCH Malaysia.

(e) Net increase in other short-term borrowings

From 2015, the Group has implemented a global liquidity cash pooling facility, which enhances daily cash flow management. The movements in other short-term borrowings represent the aggregated net drawdown and repayment movement under this facility.

(f) Analysis of balances of cash and cash equivalents

	2016 US$m	2015 US$m
Bank balances and other liquid funds	**323.8**	258.5
Bank overdrafts	**(1.2)**	(1.8)
	322.6	256.7

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 31st December 2016 amounted to US$298.1 million *(2015: US$178.3 million).*

At 31st December 2015, the Group had an investment commitment of RMB1.29 billion (approximately US$198.9 million) to further invest in Yonghui. The transaction was completed in August 2016 at a consideration of US$190.2 million with the Group's interest in Yonghui remaining at 19.99%.

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.

13. RELATED PARTY TRANSACTIONS

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

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

Under the terms of a Management Services Agreement, the Group paid a management fee of US$2.3 million *(2015: US$2.1 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$0.5 million in 2016 *(2015: US$0.5 million)* to JML.

The Group rents properties from Hongkong Land Holdings Limited ('HKL'), a subsidiary of JMH. The gross annual rentals paid by the Group to HKL in 2016 were US$2.8 million *(2015: US$2.5 million)*. The Group's 50%-owned associate, Maxim's Caterers Limited ('Maxim's'), also paid gross annual rentals of US$11.2 million *(2015: US$10.4 million)* to HKL in 2016.

The Group uses Jardine Lloyd Thompson Limited ('JLT'), an associate of JMH, to place certain of its insurance. Brokerage fees and commissions, net of rebates, paid by the Group to JLT in 2016 were US$2.1 million *(2015: US$2.3 million)*.

The Group sources information technology infrastructure and related services from Jardine OneSolution ('JOS'), a subsidiary of JMH. The total fees paid by the Group to JOS in 2016 amounted to US$9.5 million *(2015: US$11.2 million)*.

The Group also obtains repairs and maintenance services from Jardine Engineering Corporation ('JEC'), a subsidiary of JMH. The total fees paid by the Group to JEC in 2016 amounted to US$5.6 million *(2015: US$3.6 million)*.

Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. In 2016, these amounted to US$27.6 million *(2015: US$26.0 million)*.

In addition, Gammon Construction ('GC'), a joint venture of JMH, was engaged by Maxim's to provide construction and renovation works in 2016. The total fees paid by Maxim's to GC amounted to US$24.4 million *(2015: US$20.2 million)* during the year.

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

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

Dairy Farm International Holdings Limited
Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk will be set out in more detail in the Corporate Governance section of the Company's 2016 Annual Report (the 'Report'). The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Group Chief Executive's Review.

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 on the Group's joint venture partners, franchisors, bankers, suppliers or customers. These developments can result in recession, inflation, deflation, currency fluctuations, restrictions in the availability of credit, business failures, or increases in financing costs, oil prices and in the cost of raw materials and finished products. Such developments might increase operating costs, reduce revenues, lower asset values or result in the Group's businesses being unable to meet in full their strategic objectives.

Commercial Risk and Financial Risk
Risks are an integral part of normal commercial practices, and where practicable steps are taken to mitigate such risks. These risks are further pronounced when operating in volatile markets. While the Group's regional diversification does help to mitigate some risks, a significant portion of the Group revenues and profits continue to be derived from our operations in Hong Kong.

A number of the Group's businesses make significant investment decisions in respect of developments or projects that take time to come to fruition and achieve the desired returns and are, therefore, subject to market risks.

The Group's businesses operate in areas that are highly competitive, and failure to compete effectively in terms of price, product specification or levels of service or to adapt to changing consumer behaviours, including new shopping channels and formats, can have an adverse effect on earnings. Significant pressure from such competition may lead to reduced margins. The quality and safety of the products and services provided by the Group's businesses are also important and there is an associated risk if they are below standard.

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

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

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Regulatory and Political Risk
The Group's businesses are subject to a number of regulatory environments in the territories in which they operate. Changes in the regulatory approach to such matters as foreign ownership of assets and businesses, exchange controls, planning controls, emission regulations, tax rules and employment legislation have the potential to impact the operations and profitability of the Group's businesses. Changes in the political environment in such territories can also affect the Group's businesses.

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

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

Technology Risk
The Group has invested significantly in and is heavily reliant on its IT infrastructure and systems for the daily operation of its business. Any major disruption to the Group's IT systems could have a significant impact on operations. The ability to anticipate and adapt to technology advancements or threats is an additional risk that may also have an impact on the business.

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 2016 Annual Report, including the Chairman's Statement, Group Chief Executive's Review, Business Review and 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

Graham Allan
Neil Galloway

Directors

The final dividend of US¢14.50 per share will be payable on 11th May 2017, subject to approval at the Annual General Meeting to be held on 3rd May 2017, to shareholders on the register of members at the close of business on 17th March 2017. The shares will be quoted ex-dividend on the Singapore Exchange and the London Stock Exchange on 15th and 16th March 2017, respectively. The share registers will be closed from 20th to 24th March 2017, inclusive.

Shareholders will receive their cash dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2016 final dividend by notifying the United Kingdom transfer agent in writing by 21st April 2017. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 26th April 2017.

Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in sterling only as calculated above. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore 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 17th March 2017, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, no later than 5.00 p.m. (local time) on 16th March 2017.

Dairy Farm

Dairy Farm is a leading pan-Asian retailer. At 31st December 2016, the Group and its associates and joint ventures operated over 6,500 outlets and employed over 180,000 people. It had total annual sales in 2016 exceeding US$20 billion.

The Group aims to meet the changing needs of Asian consumers by offering leading brands, a pleasant retail experience and great value, all provided through responsible operations supported by reliable and trusted supply chains.

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

Food

- Supermarkets – Wellcome in Hong Kong, Taiwan and the Philippines, Yonghui in mainland China, Cold Storage in Singapore and Malaysia, Giant in Malaysia, Indonesia and Singapore, Hero in Indonesia;
- Hypermarkets – Giant in Malaysia, Indonesia, Singapore, Brunei and Vietnam, Yonghui in mainland China;
- Convenience stores – 7-Eleven in Hong Kong, Singapore, Southern China and Macau;

Health and Beauty

- Mannings in Greater China, Guardian in the rest of Asia and Rose Pharmacy in the Philippines;

Home Furnishings

- IKEA in Hong Kong, Taiwan and Indonesia; and

Restaurants

- Maxim's in Hong Kong, mainland China, Vietnam, Cambodia and Thailand.

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

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For further information, please contact:

Dairy Farm Management Services Limited
Graham Allan (852) 2299 1881
Neil Galloway (852) 2299 1896

Brunswick Group Limited
Siobhan Xiaohui Zheng (852) 3512 5044

Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2016 can be accessed through the Internet at www.dairyfarmgroup.com.