



**Dairy Farm International Holdings Ltd**

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To: Business Editor

For immediate release

## **DAIRY FARM TO ACQUIRE A MINORITY INTEREST IN YONGHUI SUPERSTORES**

11th August 2014 – Dairy Farm International Holdings Limited today announced that its wholly-owned subsidiary, The Dairy Farm Company, Limited ('DFCL'), has agreed to acquire a 19.99% interest in Yonghui Superstores Co., Ltd ('Yonghui') by way of subscription of new shares for a consideration of RMB5.69 billion (approximately US\$925 million). DFCL has also entered into a business co-operation agreement with Yonghui.

Yonghui is a Shanghai-listed hypermarket and supermarket operator based in Fuzhou, Fujian province in mainland China. As at 31st December 2013, it operated 288 hypermarkets and supermarkets across 17 provinces, with over 60% in Fujian and Chongqing, and the majority of the remainder in Beijing, Anhui, Jiangsu and Henan provinces.

DFCL has agreed to acquire, by way of subscription of new shares, 19.99% of the enlarged share capital of Yonghui for a consideration of RMB5.69 billion (approximately US\$925 million). The subscription price of RMB7 per share represents a discount of 3.05% to the average 20 day volume weighted share price up to 6th August 2014. The investment requires the approval of Yonghui's shareholders and the obtaining of certain regulatory approvals in the PRC. The regulatory approval process is expected to take at least six months to complete.

DFCL has also entered into a business co-operation agreement with Yonghui, which comes into effect immediately. Under this agreement, the two groups aim to collaborate in a range of areas, such as procurement, private label product development, fresh food processing and store development.

Commenting on the proposals, Dairy Farm Group Chief Executive, Graham Allan, said, "Modern food retail is a growing category in China and underlying consumer trends will sustain that growth for many years. As a leading Asian retailer, Dairy Farm has for some time been looking for opportunities to participate in the large and high growth Chinese market. This strategic partnership with Yonghui provides an attractive way to do that."

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*Incorporated in Bermuda with limited liability*

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“Yonghui is a high quality operator that has an unrivalled reputation for its outstanding fresh product offer as well as for bringing innovation and high standards of food quality to the category. We have been deeply impressed with Yonghui’s strong management team, its compelling business model and its well established position in several provinces. We look forward to collaborating with Yonghui across many areas of our respective businesses to the mutual benefit of both companies,” Mr Allan added.

For the year ended 31st December 2013 Yonghui had revenues of RMB30.5 billion (approximately US\$5 billion), EBITDA of RMB1.5 billion (approximately US\$240 million) and profit before interest and tax of RMB1.0 billion (approximately US\$160 million). The company has been listed on the Shanghai Stock Exchange since 2010. Revenues and EBITDA have increased 148% and 120%, respectively, over the last three years.

The transaction will require approval by Yonghui’s shareholders, and shareholders holding some 40% of the issued share capital have undertaken to vote in favour of the proposal. Yonghui will invest the funds arising from the share issue in the further development of its business, including store development, investment in supply chain infrastructure and IT, and potential acquisitions.

DFCL will have the right to nominate two directors to the board of Yonghui and one member to its supervisory board following regulatory approval of the transaction and payment of the consideration. Dairy Farm has the capacity to finance the investment through a combination of existing cash resources and new borrowings, although the exact source of funding will only be determined when final regulatory approval is given for the transaction.

Dairy Farm is a leading pan-Asian retailer. The Group, together with its associates and joint ventures, operates over 5,800 outlets – including supermarkets, hypermarkets, convenience stores, health and beauty stores, home furnishings stores and restaurants – employing some 100,000 people, and had total annual sales in 2013 exceeding US\$12 billion. Dairy Farm International Holdings Limited is incorporated in Bermuda and has a standard listing on the London Stock Exchange as its primary listing, 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](http://www.dairyfarmgroup.com)'.