

[For Immediate Release]



Lifestyle International 2006 Interim Results

Operating Leverage Fuelled Net Profit Growth Dominance in Hong Kong Sustainable

	<i>For the six months ended 30 June</i>		
	2006 HK\$'000	2005 <i>HK\$'000</i>	Change (%)
Sales proceeds	2,565,706	2,114,292	+21.4
Turnover	1,181,410	967,870	+22.1
Profit attributable to shareholders	305,375	234,301	+30.3
Earnings per share - Basic	HK 36.05 cents	HK 31.37 cents	+14.9
Interim dividend per share	HK 14.5 cents	HK 12.5 cents	+16.0

(8 August 2006 – Hong Kong) Lifestyle International Holdings Limited (“Lifestyle International” or the “Group”; stock code: 1212), is pleased to announce its interim results for the six months ended 30 June 2006.

Benefiting from positive consumer sentiments in Hong Kong and strong economic growth in China, the Group’s sales proceeds and turnover have recorded increase of 21.4% and 22.1% to HK\$2,565.7million and HK\$ 1,181.4million respectively amidst keen competition in the industry. Profit attributable to shareholders grew 30.3% to HK\$305.4 million, thanks to the operating leverage the Group enjoys on the back of growing sales and its substantially fixed-cost structure. Earnings per share increased by 14.9% to HK36.05 cents. The Board of Directors have declared an interim dividend of HK14.5 cents per share.

Supplemented by contributions from the new store of SOGO TST, the Group has recorded an impressive growth in the Hong Kong market during the period with 17.5% increase in sales revenue (2005:13.8%). As a result, the Group has further strengthened its leadership position in the Hong Kong department store industry, with market share increased from last year’s 18.5% to 19.9% in the first half of the year, equivalent to approximately 2.0% (2005: 1.8%) of Hong Kong’s total retail sales.

As one of the busiest retail locations in Hong Kong, SOGO Causeway Bay continued during the period to be a popular shopping destination for both local customers as well as visitors with daily footfall grew from 89,800 to 91,100. This flagship store has seen 8.3% sales growth, with its turnover accounted for 82.5% of the Group’s turnover. During the period under review, average sales per ticket have increased by 11.6% to HK\$430.

The Group is delighted to see that both the sales and footfall at SOGO TST have been performing in line with management's expectation. Average ticket size was HK\$259 and this new store contributed 7.5% to the Group's turnover for the period under review. The store has been designed to augment traction over a younger clientele, offering younger and trendier brand names.

Growing popularity of Jiuguang's brand name in Shanghai has led to a satisfactory sales growth of approximately 52.5%, contributed 10% to the Group's turnover for the first six months of 2006. Average sales per ticket remained at approximately RMB222. The Group has been working to enrich its brand and product mix and have been introducing innovative marketing programs to facilitate traffic flow while average daily visitors have grown to 36,900 from last year's 29,000 persons.

Commenting on the Group's business outlook for the second half of 2006, Mr. Thomas Lau, Managing Director, commented, "We maintain a prudent outlook on the local retail market in the second half of 2006. While consumer confidence is hinged upon the overall economy, we expect the continuous inflow of inbound tourism in the second half of the year will further fuel the growth of retail sales. On the other hand, uncertainties such as interest rate hikes and high oil prices will continue to affect the global as well as local economy, hence the retail market. Notwithstanding these uncertainties, we will continue to pursue our expansion plans, to focus primarily in China, when opportunity arises."

On the Group's future strategies, Mr. Lau concluded, "While we expect our Causeway Bay store will continue to generate stable profit and cash flow, our TST store will help expand our market share in Hong Kong. In addition, management is satisfied with Jiuguang's business growth thus far and we anticipate the store will assume a role as the Group's growth driver in the coming years."

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About Lifestyle International

Lifestyle International Holdings Limited is a successful department store operator which owns and operates two SOGO Department Stores in Hong Kong and the Jiuguang Department Store in Shanghai.

SOGO CWB, the flagship store, is the leading Japanese-style department store in Hong Kong offering exclusive and premium lifestyle products and services to customers. In view of the robust growth of the Chinese retail market, the Group introduced SOGO Hong Kong's successful business model into China for the first time via establishing the Jiuguang Department Store in September 2004. SOGO TST, the Group's latest and first branch in Hong Kong since the flagship store was first established 21 years ago, commenced operation in September 2005.

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