

[For Immediate Release]



Lifestyle International Announces Impressive Interim Results 2004 Recorded 116% Increase in Net Profit

Benefited from Economies of Scale and Improving Operating Efficiency

	For the six months ended 30 June		
	2004 HK\$'000	2003 HK\$'000	Change (%)
Turnover	742,255	582,683	+27
Gross Profit	404,399	300,116	+35
Profit attributable to shareholders	184,870	85,659	+116
Basic earnings per share	29.49 HK cents	15.86 HK cents	+86

(August 16, 2004 – Hong Kong) Lifestyle International Holdings Ltd. ("Lifestyle International" or the "Group"; stock code: 1212), is pleased to announce its first interim results for the six months ended 30 June 2004 since its listing.

During the Period under review, the Group recorded gross retail sales of HK\$1,651,976,000 and the turnover was HK\$742,255,000, representing an increase of 28.1% and 27.4% respectively. As the results in the same period in 2003 were affected by the outbreak of SARS, the growth rates of turnover and retail sale of the Period are more comparable to the corresponding results in 2002. On that basis, there was a 20.8% increase in the turnover and a 28.1% increase in retail sales.

Operating profit reached HK\$229,993,000 and profit attributable to shareholders rose to HK\$184,870,000, both representing an increase of 57% and 116% respectively as compared with the corresponding period of 2003.

The Board declared an interim dividend of 3.9 cents and a special dividend of 2.7 cents, making a total dividend of 6.6 cents per share for the period.

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- * *Sales proceeds include sales proceeds from direct sales, gross proceeds from concessionaire sales and other income*
- * *Turnover represents the net amount received from direct sales, commission income from concessionaire sales, service income and rental income.*

Mr. Thomas Lau, Managing Director comments on the interim results for Lifestyle International” with the recovery of Hong Kong economy, the prospect of an end to deflation and gradual drop in the unemployment rate, consumer confidence has substantially improved, stimulating most retailing businesses, and contributing to the Group’s remarkable growth during the Period. We were able to achieve impressive growth in sales and profit. The net profit of the Period was doubled and has an increased of 116%. Thanks to our improving operating efficiency, the net profit margin further rose to 11.2% (based on sales proceeds).”

For the Group’s Sogo HK store, average daily customer flow grew from approximately 79,039 in the first half of 2003 to 86,308 for the period under review. The stay and buy ratio remained at approximately 30% and the average transaction size reached HK\$350, an increase of 15.5% over that average figure of HK\$303 in the last corresponding period in 2003.

The management has started to review the terms of its concessionaire arrangement for the coming year, as about 75% of this arrangement is due for renewal this year. Continuous upgrading of the store environment, introducing new product-mix and customer services are an ongoing challenge for the management of the Group and we expects the overall profit margin would further increased.

To further fulfill the Group’s commitment to provide a ‘one-stop’ premier shopping experience and quality customer services to its customers. The Group has started preparing its Sogo Club concept and renovating the 11th to 16th floors of New Wing of its store into a “privilege” club. The 55,000-square feet facility will include attractions such as a mega book club, an organic restaurant, a spa, a hair salon, a beauty salon and a cultural center. It is expected that the Sogo Club will provide a perfect environment for mental and physical relaxation adding a further touch of lifestyle personal care.

Lifestyle International aims to replicate the Sogo business model in Shanghai. The Group has agreed to acquire the Jiu Guang Department Store and the property for which the Store was occupies at prime commercial location in the Jingan District served by two arterial subways. The retail license from Beijing and the business license from Shanghai were both obtained. The soft opening of the department store has started since mid-June 2004. Over 470 counters have been taken up by prestigious international brands and famous national brands. It is anticipated that the grand opening will take place on the 1st of October this year.

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Concerning the Group's future development strategy, Mr. Lau commented, "With our unique business model and proven track record, Lifestyle International will definitely benefit from the growth in Hong Kong economy, the increase in consumer spending and continuous influx of tourists. Lifestyle International is confident in capturing the growth momentum, and in generating fruitful returns to our supportive shareholders."

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