

[For Immediate Release]



Lifestyle International Announces 2012 Unaudited Interim Results

***Hong Kong operations demonstrated resilience amid challenging macro environment
Solid financial position to lay foundation for business expansion in Mainland China***

HK\$'000	For the six months ended 30 June		
	2012	2011	Change
Total sales proceeds	6,137,157	5,590,837	+9.8%
Turnover	2,646,040	2,405,020	+10.0%
EBIT	1,053,298	936,769	+12.4%
Profit attributable to owners	909,885	807,309	+12.7%
Earnings per share – basic	HK54.6 cents	HK48.1 cents	+13.5%
Interim dividend per share	HK21.8 cents	HK19.2 cents	+13.5%

(6 August, 2012 – Hong Kong) Lifestyle International Holdings Limited (“Lifestyle International” or the “Company”, together with its subsidiaries, collectively as the “Group”; stock code: 1212), is pleased to announce its unaudited interim results for the six months ended 30 June 2012.

During the review period, the Group recorded a 10% increase in turnover to HK\$2,646 million. Total sales proceeds increased 9.8% from HK\$5,591 million to HK\$6,137 million. Profit attributable to owners reached HK\$910 million, up 12.7% compared to the same period last year. Earnings per share grew 13.5% to HK54.6 cents. The Board of Directors declared an interim cash dividend of HK21.8 cents per share, maintaining approximately 40% dividend payout.

Commenting on the results, Mr. Thomas Lau, Managing Director of Lifestyle International, said, “The Group was faced with a bumpy global economy during the first half of 2012. Despite this challenging macro environment that weighed on market sentiment and consumer confidence, our operations continued to demonstrate resilience”.

The Group’s two SOGO stores in Hong Kong continued to benefit from its leading position, both delivering double-digit growth in sales revenue, with stronger growth in the first quarter. SOGO CWB remained the biggest contributor to the Group’s revenue, total sales revenue grew 11.1%, a moderate increase compared with 23.1% for the same period last year. The Thankful Week in May was another record-breaking event, raking in HK\$565 million in sales, up 13.3% from the event last year. Meanwhile, SOGO TST outperformed the retail market with sales revenue up 18.1%.

In Mainland China, both Shanghai Jiuguang and Dalian Jiuguang were impacted by the weakening market sentiment and growing competition and recorded negative growth rate of 2.9% and 7.0%, respectively. On the contrary, as the store gradually gains popularity, Suzhou Jiuguang saw a marked uptick in sales despite sluggish market sentiment. Foot traffic to the store since commencement of operation of the Suzhou Rail Transit Line 1 in late April 2012 has been on the rise and this is expected to help accelerating growth of the store. The net sales revenue grew 20.7% year-on-year.

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Beiren Group, the Group's equity investment in Shijiazhuang, delivered impressive sales growth for the period under review, with revenue growing 22%. This has further proved that the Beiren Group is becoming a valuable asset to the Group.

The fitting-out work and leasing of the Shenyang Jiuguang store is progressing according to plan and the store is scheduled for 2013 opening. The newly acquired land in Zhabei will be developed into a commercial complex, part of which will be used for housing the Group's second Shanghai Jiuguang store. Construction work is expected to commence before the end of the year and the store is set to be launched in 2016.

Looking ahead, the Group takes a cautious view on the market development against the backdrop of uncertain financial stability of the Eurozone and the slow recovery in the US economy. The Group still sees challenges in the China market given its weak macro economy and keen competition. In comparison, the Group's home market Hong Kong should continue to be supported by the positive local job market and strong inbound tourism.

As the landlord of the premises where SOGO TST is located has decided to prematurely terminate the tenancy, we agreed on July 31, 2012 with the landlord to terminate the lease and surrender the premises to the landlord on February 15, 2014 and by then SOGO TST will cease business. While Sogo TST has been delivering steady profit and cash flow to the Group in the past, we believe the financial impact to the Group due to its closure in 2014 is not going to be significant.

Mr. Lau concluded, "Through a host of prudent and well-crafted business and marketing plans, we will continue to take advantage of the platform provided by our existing businesses to drive organic growth and margin improvement. We will remain committed to sustaining our leading position in the Hong Kong market, with or without Sogo TST, and reinforce our operations in Mainland China, while keeping ourselves open to lucrative opportunities."

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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, three Jiuguang department stores respectively in Shanghai, Suzhou and Dalian as well as Lifestyle Plaza in Tianjin.

The Group has been working on a number of new stores to be launched in different PRC cities which will further strengthen the Group's market presence in the PRC.

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