

[For Immediate Release]



Lifestyle International 2006 Annual Results

Posted Record Sales and Profits

New Projects in China Building Foundation for Next Decade

<i>Unit: HK\$'000</i>	For the year ended 31 December		
	2006	2005	Change
Total sales proceeds	5,531,552	4,579,212	+21%
Turnover	2,534,915	2,094,299	+21%
Profit attributable to shareholders	740,170	539,378	+37%
Earnings per share - basic	87.4 cents	69.4 cents	+26%
Dividend per share			
- Final	21.0 cents	14.4 cents	+42%
- Final special	Nil	3.6 cents	N/A

(27 February, 2007 – 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 annual results for the year ended 31 December, 2006.

Bolstered by the strong domestic consumption in Hong Kong and the thriving economy in the PRC, the Group posted record sales proceeds and turnover of HK\$5,531 million and HK\$2,535 million, representing an increase of 21%. Profit attributable to shareholders also reached record high of HK\$740,170,000, up 37%. This was attributable to the Group's self-owned store strategy resulting in high operating leverage which mitigated the otherwise impact of rising staff and other operating costs. Basic earnings per share reached HK87.4 cents, compared to HK69.4 cents of the previous year. The Board of Directors declared a final cash dividend of HK21 cents per share.

Same store sales growth from its flagship store, SOGO Causeway Bay ("SOGO CWB"), together with the first full year sales revenue contribution from SOGO Tsim Sha Tsui ("SOGO TST"), resulted in a strong sales growth of 17.5% for the Group's Hong Kong operations. The Group continued to maintain its leadership position with increasing market share in Hong Kong, taking up 2.1% of total retail sales (2005: 1.9%) and 20.3% of total department stores sales (2005: 18.7%).

Various initiatives including store renovation, new billboards, customer retention programmes like lifestyle and leisure services offered by SOGO CLUB and opening of Japanese restaurant Wa-San-Mai, all contributed additives to the strong operating performance of SOGO CWB. SOGO CWB remained as the Group's major revenue generator with a turnover of HK\$2,073 million (2005: HK\$1,846 million), accounting for 81.8% of the Group's total turnover in 2006. Average daily traffic for SOGO CWB grew slightly from 92,400 to 93,600, while the average sales per ticket surged by 10% to HK\$436.

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SOGO TST has been established as a popular shopping destination for the young and fashionable consumers, attributable to its interesting merchandise mix and attractive promotional events. As such, SOGO TST managed to make profit contribution to the Group while, being in operation for merely one year, posted a turnover of HK\$195 million that accounted for 7.7% of the Group's turnover.

Strengthening brand equity and a strong following amongst the high spending customer base have enabled Shanghai Jiuguang Department Store ("Jiuguang Store") to achieve cash break even since the beginning of 2006. Jiuguang Store posted a turnover of RMB279 million (2005: RMB193 million) that accounted for 10.5% of the Group's total turnover during the year under review. Average sales per ticket grew by 7% to RMB230, and average daily traffic reached 39,600, up 21.8% relative to the previous year. These were attributable to Jiuguang's building up of its brand name as well as its various successful promotional events during anniversary and festive periods.

Building on proven success of our Hong Kong and Shanghai operations, the Group further expanded its presence in China by acquiring in December 2006 two prime sites in Suzhou and Shenyang respectively. The Suzhou site will be customized and developed into Jiuguang Store with entertainment features and that the Shenyang site will be developed into a multi-purpose retail complex, including a Jiuguang Store and are scheduled to be soft-opened by the end of 2008 and 2009 respectively.

Commenting on this year's satisfactory results, Mr. Thomas Lau, Managing Director of Lifestyle International, said, "Lifestyle International not only delivered record results in 2006, but also kick-started our expansion plan in China, laying a solid foundation for our growth in the next decade. The success of our Hong Kong and Shanghai operations has demonstrated the Group's capability in duplicating our business model in Mainland China. We have full confidence that the upcoming Suzhou and Shenyang projects will also become a retail mecca that will bring in healthy and sustainable returns to the Group. What's more, our knowledge, experiences and proven success in the department store industry can be extended to become an outstanding operator of other retailing formats and related commercial operations."

Mr. Lau concluded, "Looking ahead, we remain cautiously positive towards the long-term growth of the retail market in Hong Kong and are confident that China's retail industry will bode well under its strong domestic consumption. The Group will maintain its market leadership in Hong Kong while focusing on our aggressive expansion plan in the PRC. Our future PRC projects will be of larger scale that will not only feature our traditional department store but consist of new different lifestyle formats. We aim to keep a portfolio of new projects under negotiation which we target to yield new developments each year. We believe this will help grow the Group's operating area significantly that will lay a solid foundation for our growth in the next decade. Our vision is to make each of our projects a retailing focal point in its area that will provide our customers a unique, complete and fulfilling shopping and entertaining experience, all in one location."

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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 and SOGO TST are the leading department stores in Hong Kong, which account for 2.1% of the total retail sales in Hong Kong. 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.

In December 2006, the Group announced the acquisition of two new sites for the development of fully-fledged retail complexes in Shengyang and Suzhou. These new projects will provide a solid foundation for the Group to replicate its success through expansion into the promising retailing market in the PRC

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