

[For Immediate Release]



**Lifestyle International Issues 180 Million New Shares  
To Raise HK\$1,314 Million to HK\$1,674 Million**

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*To Become a Leading “Lifestyle” Department Store Operator in the Greater China Region*

(March 30, 2004 – Hong Kong) The successful “lifestyle” store operator, Lifestyle International Holdings Limited (“Lifestyle International” or the “Group”; stock code: 1212), announces today its plan to list on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”).

Lifestyle owns and operates Sogo Store, which is a landmark department store located at the prime shopping district in Causeway Bay, Hong Kong. It also operates Nufront, a Japanese-style shopping centre for the young trendy people and Daiso Land, a ten-dollar shop offering a variety of quality budget items.

Lifestyle International will initially offer a total of 180 million new shares. 150 million shares, or 83.3% of the Share Offer, will be offered by way of Placing and the remaining 30 million shares, or 16.7%, will be offered by way of Public Offer. The issue price range is between HK\$7.3 per share to HK\$9.3 per share.

The Public Offer will open on March 31, 2004 (Wednesday), and close on April 6, 2004 (Tuesday). The trading of shares on the Main Board of the SEHK will commence on April 15, 2004 (Thursday).

BNP Paribas Peregrine is the Global Coordinator, Sponsor, Bookrunner and Lead Manager of the Share Offer.

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Characterised by the “one-stop shop”, “shops-in-shop”, “Japanese style” and “customer oriented” notions, Sogo Store offers quality goods and services, customer convenience, and comfortable and pleasurable shopping environment to the shoppers. Housing about 290 concessionaire counters of top international renowned brand names, Sogo Store provides a variety mix of products, ranging from daily necessity to luxury products to customers. This “shops-in-shop” arrangement with concessionaires not only offers a comprehensive range of quality merchandise to customers, but also minimises the Group’s risks and costs of holding inventories.

Sogo Store occupies a total gross floor area of about 364,000 sq. ft.. The Group owns 95% of the properties in which the Sogo Store is located, therefore it is immuned to rental fluctuations and enjoys higher flexibility to renovations arrangements. Located at the prime shopping district in Causeway Bay, Hong Kong, Sogo Store attracts a steady flow of visitors and customers. In 2003, the average number of visitors per day amounted to approximately 84,000 persons with an impressive stay and buy ratio (calculated by dividing the number of invoices issued by the number of visitors on that day) of 28.9%.

Despite the outbreak of SARS in 2003, which adversely affected the retail industry in Hong Kong, cumulative sales proceeds for the first ten months in 2003 outperformed the corresponding period in 2002.

As an international financial hub, Hong Kong is renowned for its entrepreneurship, professional financial expertise, strong business connections as well as the thorough understanding of local customer. Together with the Japanese management style of dedication to customer services, meticulous store management, experienced retailing expertise and extensive merchandising network, the Group creates a unique operation model and management style, paving the way for a new business height.

Commenting on the future development, Mr. Thomas Lau, Managing Director of the Group, said, “China’s economy experiences a rapid growth. With increasing per capita annual income and strengthening of urbanisation, the demand for branded and quality items is on a rising trend. The introduction of the Closer Economic Partnership Arrangement (CEPA) unveiled the immense potentials of the PRC market and brought forth business opportunities in the Greater China Region. On the other hand, the relaxation of the individual visa scheme, the strong rebound of the Hong Kong economy as well as the opening of the first Disneyland in 2005 will attract myriad of tourists from Mainland and overseas, which further propel the growth of retail business in Hong Kong.”

Leveraging the unique insight of its visionary management, the Group extends its reach to the Greater China region while fortifying the strong foothold in Hong Kong. The Group's proposed acquisition of two joint venture companies in the PRC, 65% of Operating JV ("Ongoing Store") and 50% of Property JV ("Shanghai Joinbuy City Plaza"), established an ideal platform for the opening of Ongoing Department Store in mid-2004 and marked an important milestone for the Group's development in the Greater China region.

Located at Jingan District, the well-off district of Shanghai whose GDP per capita in 2002 was the highest among other regions in the PRC, Ongoing Store is expected to have a floor area of not less than 690,000 sq. ft., taking up not less than 70% of the GFA of the shopping complex which is owned as to about 50% by the Property JV ("Shopping Complex"). The store will adopt the same successful operation model of Sogo Store. The Group believes that based on the operating experience of the Sogo Store in Hong Kong and the well-established relationships with its suppliers and concessionaires, the Group is in a position to replicate its success story in Shanghai.

Further, the Group intends to renovate 11<sup>th</sup> Floor to 16<sup>th</sup> Floor of East Point Centre (New Wing) of an aggregate gross floor area of about 55,390 sq. ft. and to expand the Sogo Store by another 15% to house a lifestyle service center comprising book shop, spa center, facial treatment center, hair beauty salon and refreshment lounge.

On the assumption that the over-allotment option is not exercised, the net proceeds of approximately HK\$1,429 million (assuming an offer price of HK\$8.3 per share) raised from this share offer will be applied as follows:

- About HK\$530 million for PRC JVs namely:
  - Not more than HK\$500 million for the PRC JVs Acquisition; and
  - About HK\$30 million as capital contribution to the Operating JV;
- About HK\$500 million for expansion and investment in retail outlets outside the SOGO Store in Hong Kong and department store operations in other provinces of China;
- About HK\$50 million for renovation and expansion of the existing SOGO Store; and
- The remaining amount as general working capital.

In addition, the Company intends to recommend annually the distribution to shareholders of about 35% of the Group's annual net profits recognised after the IPO as dividends in the foreseeable future.

Mr. Lau concluded, "Looking ahead, we will further strengthen our operation in Hong Kong. Through the increase of direct sales and improvement of inventory and cost control, we strive for enhancing the Group's profitability. Capitalised on the dedicated and experienced management, impressive success of SOGO Store in Hong Kong and our proven business and revenue model, we are confident of replicating the prominent Lifestyle Store concept in Shanghai and ultimately, become the leading Lifestyle store operator in the Greater China region."

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## Lifestyle International Holdings Limited Fact Sheet

Offer size: 180,000,000 shares  
 (Subject to Over-allotment Option up to  
 an additional 27,000,000 shares)

Offering structure (Subject to clawback):

- Placing 150,000,000 shares
- Public offer 30,000,000 shares\*

Issue price: HK\$7.3 – HK\$9.3 per share

Market capitalisation:

(before Over-allotment Option)

- Based on issue price HK\$7.3 HK\$5,256 million
- Based on issue price HK\$9.3 HK\$6,696 million

Historical P/E range:

- Basic 11.97 – 15.25 times
- Unaudited notionally adjusted fully diluted 17.22 – 21.93 times

### Trading Record

	Year ended December 31		
	2001 HK\$' 000	2002 HK\$' 000	2003 HK\$' 000
Turnover	940,691	1,330,064	1,303,847
Gross profit	447,627	640,555	694,996
Net profit	42,786	121,322	274,647**
Earnings per share (basic)	HK\$0.095	HK\$0.269	HK\$0.610

\* Comprising 4,500,000 shares for preferential allotment to full-time staff of the Group

\*\* Should the capitalisation and refinancing of shareholders' loan take place on or before January 1, 2003, the Group would have recorded an unaudited notionally adjusted net profit of approximately HK\$305 million