

[For Immediate Release]



Lifestyle International Announces 2016 Annual Results

***Stable profit from continuing operation
Acquired Kai Tak land to lay the foundation for long-term growth***

HK\$'000	For the year ended 31 December		
	2016	2015	Change
*Total sales proceeds	9,605,804	10,066,376	-4.6%
*Turnover	4,671,611	4,810,947	-2.9%
Profit attributable to owners (continuing and discontinued)	1,590,430	1,914,392	-16.9%
*Profit attributable to owners	1,570,715	1,577,065	-0.4%
*Earnings per share – basic	HK\$0.98	HK\$0.98	-
Final cash dividend per share	34.3 HK cents	34.3 HK cents	-

Remarks: *continuing operation

(13 March 2017 – 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 2016.

The Group completed in July 2016 the spin-off and separate listing of its department store and Freshmart business in mainland China under Lifestyle China Group Limited (stock code: 2136) by way of distribution in specie of the shares of Lifestyle China to its shareholders on a one for one basis, as a special dividend.

Faced with a weakening Hong Kong retail market, the Group’s remaining department store operation in Hong Kong i.e. continuing operation achieved aggregate gross sales proceeds of approximately HK\$9.6 billion in 2016, down 4.6%, with turnover saw a decline of 2.9% to HK\$4.7 billion. Profit attributable to owners from continuing operation amounted to HK\$1,570.7 million, similar to that in 2015, while the Group’s reported profit (continuing and discontinued) was down 16.9%. Earnings per share from continuing operation were HK\$0.98. The Board declared a final cash dividend of 34.3HK cents per share, together with the interim cash dividend paid during the year, total cash dividend for the year represents approximately 64% of the Group’s continuing profit.

Against the backdrop of weak local consumption resulting from increased outbound tourism, declining inbound tourist spending, retail sales in Hong Kong faced an even more severe downturn than during the SARS epidemic in 2003. The Group’s SOGO Causeway Bay (“SOGO CWB”) recorded a sales decline of 6.7%, though still outperformed the broader market’s drop of 8.1%. SOGO Tsim Sha Tsui (“SOGO TST”) however maintained its growth momentum throughout the year as it has benefited from having a wide variety of cosmetics and beauty products, with sales revenue up 12.4% over 2015.

To strengthen the Group’s long-term competitiveness, the Group continued during the year with its store renovation program for SOGO CWB by giving facelift to a few sales floors to enhance the overall shopping environment. While implementing effective marketing strategies and measures to stay ahead of the competition, the Group also looks for growth opportunities in Hong Kong for the Group’s long-term prosperity. In November 2016, the Group through government tender won a plot of land at a consideration of HK\$7.388 billion for the development of a new full-fledged department store in the Kai Tak Development area, Kowloon East.

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Commenting on the results, **Ms. Kam Shim Lau, Executive Director of Lifestyle International**, said, “Affected by the volatile financial market and slowdown in China’s economic growth, consumer sentiment remained sluggish in 2016. The Group stayed focused on consolidating its business strengths and brand awareness of Sogo and by enhancing customer loyalty, the Group’s operation was able to maintain a strong foothold amidst the challenging business environment.”

Looking ahead, lingering uncertainties over the global economy, as well as the strength of the US dollar, which will spur outbound travel and weaken visitors’ shopping interest in Hong Kong, will continue to pose challenge for the Hong Kong retail sector.

Ms. Lau concluded, “The Group remains cautious on the outlook of the retail market in Hong Kong. As a leading department store operator, we will stay focused on implementing its long-standing sound strategy to optimize its operations and providing top-notch shopping experience for all customers.”

“We believe the newly acquired land will benefit from the government’s development blueprint in the Kai Tak area to establishing a new central business district as well as transportation and tourism hub. The proposed new SOGO store is planned to commence operation in 2022, which will surely become the new landmark in Hong Kong by providing consumers with distinctive and joyful shopping experience. The Group will continue striving to identify and capitalize on lucrative business opportunities that can create synergies with its existing core retailing activities. The Board believes that the Group will remain at the forefront of the retail industry and look forward to generating better returns for shareholders.”

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About Lifestyle International

Lifestyle International is a successful lifestyle department store operator. The Group operates SOGO department stores in Hong Kong, namely Causeway Bay and Tsim Sha Tsui, with mid to upper-end market positioning. Characterized by the ‘one-stop shopping’ concept and unparalleled brand equity, the Group’s department stores offer a wide variety of goods ranging from daily necessities to luxury products as well as personal care services, including beauty salons, in a comfortable and pleasurable shopping environment.

For further information, please contact:

iPR Ogilvy & Mather

Hazel Chan / Andrea Leung / Lorraine Luk / Natalie Tam

Tel : 3920 7651 / 3920 7683 / 2169 0467 / 2136 6182

Fax : 3170 6606

E-mail : lifestyle@iprogilvy.com