

[For Immediate Release]



Lifestyle International Announces 2017 Annual Results
Net profit attributable to continuing operation up 79.6%

Sales growth outperformed the broader market
Kai Tak Project commenced ground breaking works

HK\$'000	For the year ended 31 December		Change
	2017	2016	
*Total sales proceeds	10,247,888	9,605,804	6.7%
*Turnover	4,898,605	4,671,971	4.9%
Profit attributable to owners (continuing and discontinued operation)	3,299,488	1,590,430	107.5%
*Profit attributable to owners	2,874,640	1,600,907	79.6%
*Earnings per share – basic	HK\$1.79	HK\$1.00	79.6%
Final cash dividend per share	34.3 HK cents	34.3 HK cents	-

Remarks: *continuing operation only

(5 March 2018 – 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 2017.

Against the backdrop of recovery in visitor arrivals and improved local consumption, the Group’s operations in Hong Kong outperformed the broader retail market, thanks to the Group’s loyal clientele, sound business strategy and strong management team. Total gross sales proceeds rose 6.7% to approximately HK\$10.25 billion, while its turnover saw an increase of 4.9% to HK\$4.90 billion. Profit attributable to owners from continuing operation amounted to HK\$2,874.6 million, up 79.6% from 2016, while the Group’s reported profit (continuing and discontinued operation) was up 107.5%. The significant increase in the Group’s profit for the year was largely attributable to a revaluation surplus of HK\$687.4 million being recorded in respect of the Group’s investment property under development; the one-off gain on disposal of the Group’s 59.56% interest in Lifestyle Properties Development Limited in April 2017; an increase in net interest and investment income of HK\$367.1 million; and a decrease in interest charge of HK\$242.1 million for the year ended 31 December 2017 as compared with the previous year. Earnings per share from the Group’s continuing operation amounted to HK\$1.79. The Board has declared a final cash dividend of 34.3 HK cents per share, together with the interim cash dividend of 28.9 HK cents paid during the year, total cash dividend for the year amounting to 63.2 HK cents, same as last year.

Benefiting from the steady recovery of Hong Kong’s retail market underpinned by robust stock and property market performance, the revamped SOGO Causeway Bay (“SOGO CWB”) saw sequential improvement in sales growth in the third and fourth quarter. The sales growth recorded in the second half of the year was more than offset the sales decline recorded in the first half of 2017. The flagship store recorded 4.3% increase in sales revenue over the previous year. While the overall traffic footfall was significantly affected during the period when Freshmart was being refurbished, SOGO CWB’s stay-and-buy ratio remained stable at around 34.1%, with the average ticket size increased from HK\$794 to HK\$864.

SOGO Tsim Sha Tsui (“SOGO TST”) continued to deliver stellar performance, driven by the strong sales of cosmetics and skin care products. SOGO TST reported robust growth with a 22.3% increase in sales revenue during the year.

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To further cement SOGO CWB's position as one of the iconic landmarks in Hong Kong, the Group has launched in October 2017 the CVISION, an imposing outdoor full-HD LED advertising screen at the building façade of the SOGO CWB store, which shall greatly enhance the effectiveness of the Group's advertising activities.

Kai Tak Project commenced ground breaking works in December 2017, marking the start of construction for the two commercial blocks that at completion in 2022, will host a new SOGO department store along with other commercial, entertainment and dining facilities in the new Kai Tak development area, East Kowloon.

In addition, the Group's SOGO Rewards loyalty program has been well received with more than 380,000 registered members as at 31 December 2017. This program has helped increase customer loyalty and strengthened the Group's brand equity that sales revenue from members accounted for approximately 45.6% of the total sales revenue of the stores during the year.

Commenting on the results, **Ms. Kam Shim Lau, Executive Director of Lifestyle International**, said, "Hong Kong, the Group's home market, saw improved economic growth in 2017 amid the buoyant stock market performance globally, firm local property market and steady economic performance in mainland China. With a strong brand equity and solid retail experience, the Group was able to capitalise on the opportunities arising from the pickup in consumer confidence and revival in inbound tourism."

Looking ahead, while consumer sentiment is likely to be boosted by the strong local job market and continual revival in inbound tourism, trade protectionism and monetary tightening, together with the possible high volatility in the financial market could on the other hand hinder consumer sentiment and inbound tourism.

Ms. Lau concluded, "The Group remains cautiously optimistic on the retail market outlook for 2018. As a reputable department store operator, the Group will continue to strive to provide consumers with the most fitted product and service mix in a great shopping ambience."

"The Group will reinvigorate customer experience with the launch of CVISION and to optimize store layout at the revamped SOGO CWB, thus paving way for improvement in store efficiency and customer traffic footfall in the longer term. With the Group's strong brand equity and loyal clientele, we believe that Lifestyle International is well-positioned to ride the upturn in market sentiment."

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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.

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