



Lifestyle International Announces 2018 Annual Results

***Solid sales growth repeatedly outperformed the broader market
Reinforced its lead over Hong Kong retail sector***

HK\$'000	For the year ended 31 December		
	2018	2017*	Change
Total sales proceeds	11,707,732	10,316,508	+13.5%
Turnover	4,358,011	3,755,092	+16.1%
Profit attributable to owners	1,690,070	3,300,521	-48.8%
Profit from continuing operations attributable to owners	1,690,070	2,875,674	-41.2%
Earnings per share – basic	HK\$1.08	HK\$2.06	-47.6%
Final cash dividend per share	37.0 HK cents	34.3 HK cents	+7.9%

**The 2017 numbers have been restated following adoption of HKFRS15 and application of merger accounting for the Wa San Mai acquisition*

(4 March 2019 – 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 2018.

Leveraging on its unrivalled brand equity and pleasurable customer experience, the Group managed to capture the strong retail momentum in the first half of year while maintaining solid performance amid heating trade tensions and weaker asset markets in the second half of the year. The Group’s operations in Hong Kong repeatedly outperformed the broader retail market during the past year, thanks to the Group’s seasoned management team and sound business strategies. Total gross sales proceeds rose 13.5% to approximately HK\$11.7 billion, while its turnover saw an increase of 16.1% to HK\$4.36 billion. Profit attributable to owners amounted to HK\$1.69 billion, down 48.8% from HK\$3.30 billion in 2017. The profit decline was mainly due to non-core or one-off transactions, including a significant fair value loss on the Group’s financial investments. Earnings per share amounted to HK\$1.08. The Board has declared a final cash dividend of 37.0 HK cents per share, together with the interim cash dividend of 29.5 HK cents already paid during the year, total cash dividend for the year amounting to 66.5 HK cents, higher than last year as the number of issued shares has decreased due to share repurchase during the year.

Despite the nascent recovery in Hong Kong’s retail sector seen in the first half of 2018 was dented by escalating US-China trade tensions and stock market tumult in the second half of the year, SOGO Causeway Bay (“SOGO CWB”) recorded 10.5% increase in sales revenue over the previous year. The store saw an increase in the average ticket size and a stable stay-and-buy ratio, thanks to an enhanced shopping experience provided by the store rejuvenation program.

SOGO Tsim Sha Tsui (“SOGO TST”) widened its lead over the Hong Kong retail industry and recorded 30.3% increase in sales revenue for the year, driven by the strong sales of cosmetics and skin care products. SOGO TST continued its robust growth momentum with improvement seen in its average ticket size, traffic footfall and stay-and-buy ratio during the year.

Thanks to the Group’s enhanced digital promotions and customer services, the biannual Thankful Week anniversary events once again received overwhelming response from shoppers and sustained strong sales momentum. In addition, the Group’s SOGO Rewards loyalty program has been well received with more than 570,000 registered members by the end of 2018. The program has helped keep customer engaged and strengthened the Group’s brand equity. Sales revenue from members accounted for close to 50% of the total sales revenue of the stores during the year.

On 4 December 2018, the Group entered into a new trademark licence agreement with Sogo & Seibu, in which Sogo & Seibu granting the Group the sole and exclusive licence to use the “Sogo” trademarks in Hong Kong for conducting its business activities of operation of department stores for a further term of 20 years from May 2019. With the renewal of the iconic Sogo trademark, the Group is ready for the next stage of business growth.

As part of its continuous efforts to enrich customer experience at its store, in July 2018, the Group acquired Wa San Mai, a premium Japanese restaurant located in the same building as the Group’s SOGO department store in Causeway Bay from a connected party. The business of Wa San Mai is stable and profitable and expected to provide steady profit and cash flow to the Group going forward.

The foundation construction work of the Group’s Kai Tak Project has been proceeding satisfactorily and the construction of the twin blocks of commercial buildings that upon completion in 2022, will host a new SOGO department store and other retailing, entertainment, dining and lifestyle facilities in the new Kai Tak development area, East Kowloon.

Commenting on the results, **Ms. Kam Shim Lau, Executive Director of Lifestyle International**, said, “Hong Kong, the Group’s home market, saw its economic growth slow in the second half of 2018 under the shadow of China-US trade dispute and slowing Chinese economy. Nevertheless, the Group managed to deliver outperformance with the support of strong management team and effective business strategy.”

Looking ahead, while resilient local job market and continued expansion in inbound tourism will lend some support to the retail sector amid lingering global economic and political uncertainties, consumer sentiment could be dampened by a decline in wage growth and waning wealth effects stemming from weakness in asset prices.

Ms. Lau concluded, “The Group views 2019 cautiously as it is set to be a challenging year for both Hong Kong and global economy. As a leading retail operator in Hong Kong, the Group will continue to integrate its physical and digital assets to curate a more engaging and seamless shopping experience to discerning shoppers.”

“The Group, with a view to creating personalized customer experience and addressing customer pain points, will enhance its service and product portfolios as well as in-store interaction, thereby driving store traffic and sales. With the Group’s strong brand equity and loyal clientele, we are confident of maintaining our leading position in the retailing market of Hong Kong.”

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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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