

[For Immediate Release]



## Lifestyle International Announces 2020 Interim Results

***Operating performance affected by unprecedented pandemic  
Focused on fortifying business foundation for long-term sustainability***

HK\$'000	For the six months ended 30 June		
	2020	2019	Change
Total sales proceeds	<b>2,631,478</b>	5,661,045	-53.5%
Turnover	<b>942,011</b>	2,103,333	-55.2%
(Loss) / Profit attributable to owners	<b>(226,910)</b>	1,286,138	-117.6%
Profit attributable to owners before fair value changes*	<b>366,632</b>	989,644	-63.0%
(Loss) / Profit per share – basic	<b>(15.1 HK cents)</b>	85.6 HK cents	-117.6%
Interim cash dividend per share	<b>nil</b>	30.0 HK cents	N/A

\* Excluding fair-value changes on investment property and financial investments

(4 August 2020 – 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 interim results for the six months ended 30 June 2020.

The Group’s home market Hong Kong saw its economic recession deepened in the first half of 2020 as the novel coronavirus (COVID-19) pandemic seriously disrupted the external trade, consumption, especially tourists’ spending, and business activities in the city. Notwithstanding the challenging operating environment, Lifestyle International remained focused on further bolstering the resilience of its core business in order to preserve its long-term competitiveness and ensure sustainable development in a turbulent market.

For the period under review, the Group’s total gross sales proceeds dropped by 53.5% and turnover decreased by 55.2% over the same period last year, as a result of a significant fall in store traffic following the COVID-19 outbreak since late January 2020. The Group recorded a net loss attributable to owners of HK\$226.9 million, whereas it was a profit of HK\$1,286.1 million in 2019. The loss was mainly caused by a plunge in sales revenue, coupled with the fair value loss recorded on the Group’s financial investments and investment property. Without counting the fair value changes on investment property and financial investments, the Group’s operating profit for the period fell 63% to HK\$366.6 million from HK\$989.6 million in the same period last year.

In view of the daunting operating environment and continued uncertainties, the board of directors has resolved to not recommend the payment of the interim dividend. The Group believes that this measure is a prudent and responsible means of preserving cash for the long-term financial health of the Company.

The months-long pandemic dealt a heavy blow to the domestic consumption and inbound tourism of Hong Kong, thereby significantly affecting the operations of the Group’s SOGO stores during the first half of 2020. In response to the changing pandemic situation and to prioritize the safety of our staff, customers and business partners, we have implemented measures that have included an adjustment of our operating hours and business operational procedures.

As prolonged containment measures to halt the spread of COVID-19 brought about severe disruption to business operations and the associated economic uncertainties dampened consumer sentiment, sales at the flagship SOGO Causeway Bay (“SOGO CWB”) tumbled 49.3% for the period under review. The store saw a decline in the overall traffic footfall and average ticket size.

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With domestic consumption weakened by coronavirus pandemic and Hong Kong's borders essentially closed to non-residents, sales at SOGO Tsim Sha Tsui ("SOGO TST") reversed its growth trend with sales plummeted 71.1% in the first half of the year, compared with a 9.5% increase in the same period last year. Both traffic footfall and stay-and-buy ratio for the period dropped as, similar to the CWB store, the protracted pandemic significantly affected the store operations.

During the period, the Group continued to enhance the mobile application of its SOGO Rewards Program and its SOGO eStore services in order to entice customers with more personalized privileges and distinguished user experiences. With well-tailored promotions and seamless omnichannel shopping experiences, the store's SOGO 35th Anniversary Sale program was well received by shoppers and achieved satisfactory sales performance.

The construction works of the Group's Kai Tak Project has been delayed due to the ongoing pandemic but the foundation work has largely been completed. The Group will work closely with contractors with an aim to complete the project before 2023. Upon completion, the twin blocks of commercial buildings will host a new SOGO department store and complementary 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, "The unprecedented outbreak of the COVID-19 pandemic and the subsequent global lockdown severely hit the world economy in the first half of 2020. Hong Kong retail spending plunged as social distancing measures severely dampened consumption-related activities and austere labour market conditions heavily weighed on consumer sentiment. Global lockdown also put the inbound tourism to a standstill."

"Beyond pandemic-related downside risks, rising US-China tensions and sluggish global trade could further batter the recession-hit Hong Kong economy. The deteriorating labor market and volatile asset markets set to weigh on local consumption demand. Inbound tourism might remain at a standstill due to the prolonged border control measures in the wake of resurgent coronavirus infections."

Ms. Lau concluded, "The management maintains a deeply pessimistic outlook for Hong Kong's beleaguered retail sector in the second half of the year as immense uncertainties over the duration of the pandemic and the ensuing economic fallout would dent consumer sentiment and undermine business confidence."

"With the retail market currently undergoing massive structural changes in terms of market demand, consumer behaviour and business models, the Group will continue focusing upon fortifying its' business foundation while maintaining a flexible strategy in order to adapt and retain our competitive positioning within a rapidly evolving retail landscape."

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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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