

[For Immediate Release]



Lifestyle International 2007 Annual Results

Posted Record Turnover and Profit, Increased 20.5% & 38.4% Respectively

*Natural extension of retail business
Well-poised to become a leading retail player in the PRC*

HK\$'000	For the year ended 31 December		
	2007	2006	Change
Total sales proceeds	6,780,518	5,531,552	+22.6%
Turnover	3,112,368	2,581,962	+20.5%
Profit attributable to shareholders	1,024,085	740,170	+38.4%
Earnings per share - basic	HK60.22 cents	HK43.69 cents	+37.8%
Final dividend per share	HK13.5 cents	HK10.5 cents	+28.5%

(27 February, 2008 – 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 ending 31 December, 2007.

Driven by the strong domestic consumption in Hong Kong and the robust economic growth of China, the Group posted record-high sales proceeds of HK\$6,780.5 million, representing a 22.6% increase from 2006. Turnover also hit a record high of HK\$3,112.4 million, representing a year-on-year increase of 20.5%. Profit attributable to shareholders exceeded HK\$1 billion to HK\$1,024.09 million, up 38.4% from the previous year. Basic earnings per share amounted to HK60.22 cents, compared to HK43.69 cents of the previous year, representing an increase of 37.8%. The Board of Directors declared a final cash dividend of HK13.5 cents per share (2006: HK10.5 cents). Taking into account the interim dividend of HK10.5 cents (or HK21 cents before the subdivision of share), the Group’s full year dividend amounted to HK24 cents per share (2006: HK17.75 cents).

During the year, the Group continued to maintain its leadership position in the territory. The two SOGO stores in aggregate accounted for 2.2% of the total sales generated by Hong Kong’s retail sector, bringing Lifestyle International’s market share to 21.3% from 20.3% in 2006 in terms of department store sales.

As the Group’s flagship store, SOGO CWB remained the Group’s major revenue and profit contributor and saw increases in the number of shoppers and ticket size. Turnover reached HK\$2,446 million (2006: HK\$2,081 million), accounting for 78.6% of the Group’s total turnover in 2007. Average daily traffic at the store grew from 93,600 to 94,700, while the average sales per ticket surged by 11% to HK\$483.

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SOGO TST saw a year of consistent improvement in terms of its business, traffic flow and merchandise mix. Its strong growth momentum found expression in the 19.5% same-store sales growth. Profit up 37.2% and turnover reached HK\$248.6 million, accounting for 8% of the Group's total turnover. Average per-ticket sales increased 11% to HK\$293 (2006: HK\$264).

Meanwhile, the strengthening brand equity and growing popularity led Shanghai Jiuguang to thrive and grow continuously, posting an approximately 40% increase in same-store sales compared with the previous year. Turnover reached HK\$422 million from HK\$300 million in 2006, accounting for 13.5% of the Group's total turnover. Average sales per ticket grew by 13% to RMB261, and average daily traffic rose to about 45,700 from 39,600 in the previous year.

Building on the success of our Hong Kong and Shanghai operations, the Group further widened its presence in mainland China through a number of acquisitions. In addition to the acquisition of the two land sites in Suzhou and Shenyang towards the end of last year, in April 2007, the Group announced the acquisition of four retail properties respectively in Dalian, Tianjin, Harbin and Qingdao and in October, the acquisition of a 59.4% stake in the largest retail shopping complex in Shijiazhuang, Hebei Province. All these acquisitions and projects have not only strengthened the market presence and brand equity, but also enable the Group to capture the fast-growing retail market in the mainland.

Commenting on the remarkable results in 2007, Mr. Thomas Lau, Managing Director of Lifestyle International, said, "In 2007, Lifestyle International once again delivered record results as we did in the previous year. The achievement was attributable to a combination of external factors and the Group's strong fundamentals that are becoming ever more solid. The success of our Hong Kong and Shanghai operations is testimony to Lifestyle International's growing strength in the retail market in the PRC."

As a natural extension of the Group's retail business, since September 2007, the Group has been involving in the rescue of EganaGoldpfeil Holdings Limited ("EganaGoldpfeil"; stock code: 48), a brand management company headquartered in Hong Kong with most of its business in Europe. The Group has entered into an arrangement to provide EganaGoldpfeil with a HK\$300 million bridging loan. The proposed transaction, subject to approvals of relevant regulatory bodies and shareholders, expected to be completed in the first half of 2008, will enable Lifestyle International to gain access to a portfolio of internationally renowned brands in various product categories and EganaGoldpfeil's existing sales platform even before opening up the PRC market which we believe is a good fit for most of these brands and products.

Looking ahead, Mr. Lau said, "We remain cautiously optimistic about the economy and retail market in Hong Kong and the mainland in the foreseeable future. We will strive to sustain the growth of our existing operations while continue to look for attractive opportunities and acquire new sites or properties where appropriate. We have full confidence that the EganaGoldpfeil transaction will bring about to the Group synergies and that we are well positioned to pursue the affordable luxury goods business in the flourishing mainland market, as well as broaden our revenue base and growth potential. With our solid foundations and expansion strategies, we are set to move closer towards the goal of becoming the leading retail player in the PRC."

About Lifestyle International

Lifestyle International Holdings Limited is a successful department store operator which owns and operates two SOGO department stores in Hong Kong, the Jiuguang department store in Shanghai.

As the leading department stores in Hong Kong, SOGO CWB and SOGO TST account for 2.2% of the total retail sales in the territory. To capture the robust growth of the Chinese retail market, the Group introduced SOGO Hong Kong's successful business model to mainland China by establishing the Jiuguang Department Store in late 2004. The store has gradually become a major retail shopping destination in Shanghai.

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