LIFESTYLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1212)

FINAL RESULTS FOR YEAR 2010

HIGHLIGHTS

- Turnover increased 14.9 % to HK$4,317.5 million
- Net profit increased 23.2 % to HK$1,407.5 million
- Earnings per share increased 22.5% to HK cents 83.9
- Final dividend of HK cents 19 per share declared, full year dividend of HK cents 33.7

FINAL RESULTS

The Board of Directors (the "Board") of Lifestyle International Holdings Limited (the "Company") is pleased to announce the audited consolidated results for the year ended 31st December, 2010 of the Company and its subsidiaries (collectively, the "Group"), together with comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2010

	NOTES	2010 HK$'000	2009 HK$'000
Turnover	3	**4,317,465**	3,756,208
Cost of sales	4	**(1,836,222)**	(1,625,231)
Gross profit		**2,481,243**	2,130,977
Other income		**172,614**	203,939
Selling and distribution costs		**(876,827)**	(807,705)
Administrative expenses		**(204,659)**	(273,395)
Investment income		**58,079**	48,355
Fair value changes on investment properties		**63,154**	178,756
Share of profit of a jointly controlled entity		**24,252**	12,341
Discount arising on acquisition of additional interest in an associate		**114,556**	–
Share of profits of associates		**99,632**	25,360
Reversal of impairment loss on loan receivable		**–**	18,180
Finance costs	5	**(35,788)**	(38,366)
Profit before taxation		**1,896,256**	1,498,442
Taxation	6	**(330,410)**	(303,547)
Profit for the year	7	**1,565,846**	1,194,895
Other comprehensive income			
Exchange differences arising on translation of foreign operation		**159,428**	28,488
Share of exchange differences of associates		**20,240**	3,861
Share of exchange difference of a jointly controlled entity		**7,931**	1,403
Transfer of properties to investment properties			
– surplus on revaluation		–	159,948
– deferred tax relating to revaluation surplus		–	(39,987)
Change in fair value for available-for-sale investments		–	(18,487)
Reclassification upon impairment of available-for-sale investments		–	18,487
Other comprehensive income for the year (net of tax)		**187,599**	153,713
Total comprehensive income for the year		**1,753,445**	1,348,608

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2010

	NOTES	**2010** **HK$'000**	2009 *HK$'000*
Profit for the year attributable to:			
Owners of the Company		**1,407,534**	1,142,468
Non-controlling interests		**158,312**	52,427
		1,565,846	1,194,895
Total comprehensive income attributable to:			
Owners of the Company		**1,577,723**	1,294,136
Non-controlling interests		**175,722**	54,472
		1,753,445	1,348,608
Earnings per share			
– basic	*9*	**HK$0.8392**	HK$0.6849
– diluted	*9*	**HK$0.8340**	HK$0.6812

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER, 2010

	NOTES	**2010** **HK$'000**	2009 HK$'000
Non-current assets			
Investment properties		**1,609,018**	1,411,108
Property, plant and equipment		**3,815,144**	3,895,014
Prepaid lease payments		**1,334,765**	1,407,190
Long-term deposits paid	*10*	**3,083**	237,391
Interests in associates	*11*	**1,348,828**	720,442
Interest in a jointly controlled entity		**467,929**	502,298
Available-for-sale investments		**–**	9,688
Club debenture		**12,737**	10,756
		8,591,504	8,193,887
Current assets			
Inventories		**61,611**	60,513
Prepaid lease payments		**21,721**	9,952
Trade and other receivables	*12*	**214,012**	163,924
Amount due from a jointly controlled entity		**–**	47,484
Financial assets at fair value through profit or loss		**786,370**	341,457
Loans receivable	*13*	**–**	157,583
Pledged bank deposits		**–**	120,203
Bank balances and cash		**3,760,829**	2,769,490
		4,844,543	3,670,606
Assets classified as held for sale	*14*	**436,909**	436,909
		5,281,452	4,107,515
Current liabilities			
Trade and other payables	*15*	**2,009,463**	2,145,163
Amount due to a jointly controlled entity		**29,934**	–
Tax payable		**166,742**	114,084
Bank borrowings – due within one year		**2,985,200**	1,043,290
		5,191,339	3,302,537
Net current assets		**90,113**	804,978
		8,681,617	8,998,865

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER, 2010

	2010	2009
	HK$'000	*HK$'000*
Non-current liabilities		
Bank borrowings – due after one year	**413,000**	2,143,430
Deferred tax liabilities	**198,576**	168,983
Amount due to a non-controlling shareholder of subsidiaries	**166,987**	3,445
	778,563	2,315,858
	7,903,054	6,683,007
Capital and reserves		
Share capital	**8,395**	8,368
Reserves	**7,208,489**	6,113,101
Equity attributable to owners of the Company	**7,216,884**	6,121,469
Non-controlling interests	**686,170**	561,538
	7,903,054	6,683,007

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS/BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. APPPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied a number of new and revised Standards and Interpretations issued by the HKICPA that are mandatorily effective for 2010 financial year ends, and has applied HKFRS 9 "Financial instruments" in advance of its effective date.

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKFRS 9	Financial instruments
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners
HK - INT 5	Presentation of financial statements - Classification by the borrower of a term loan that contains a repayment on demand clause

Except as described below, the application of the other new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and disclosures set out in these consolidated financial statements.

HKFRS 9 Financial instruments

In the current year, the Group has applied HKFRS 9 "Financial instruments" (HKFRS 9) (as issued in November 2009 and revised in October 2010) and the related consequential amendments in advance of its effective date. The Group has chosen 1st January 2010 as its date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities) because 1st January 2010 is the beginning date of the current reporting year. In accordance with transition provisions set out in HKFRS 9, the Group has chosen not to restate comparative information.

HKFRS 9 introduces new classification and measurement requirements for financial assets that are within the scope of HKFRS 39 "Financial instruments: Recognition and measurement". Specifically, HKFRS 9 requires all financial assets to be classified and subsequently measured at either amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

As required by HKFRS 9, debt instruments are measured at amortised cost only if (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (collectively referred to as “amortised cost criteria”). If either of the two criteria is not met, the debt instruments are classified as at fair value through profit or loss (" FVTPL").

However, the Group may choose at initial recognition to designate a debt instrument that meets the amortised cost criteria as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Debt instruments that are subsequently measured at amortised cost are subject to impairment.

Investments in equity instruments are classified and measured as at FVTPL except when the equity investment is not held for trading and is designated by the Group as at fair value through other comprehensive income ("FVTOCI"). If the equity investment is designated as at FVTOCI, all gains and losses, except for dividend income that is generally recognised in profit or loss in accordance with HKAS 18 "Revenue", are recognised in other comprehensive income and are not subsequently reclassified to profit or loss.

HKFRS 9 also contains requirements for the classification and measurement of financial liabilities. One major change in the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability.

As at 1st January 2010, the directors of the Company have reviewed and assessed the Group's existing financial assets and liabilities. The initial application of HKFRS 9 has resulted in the reclassification of the Group's investments in unlisted equity securities (not held for trading) that were previously classified as available-for-sale financial assets under HKAS 39 to financial assets at fair value through profit or loss. The Group has not designated these equity securities as at FVTOCI on initial application. In addition, HKFRS 9 had no impact on the Group's investments in unlisted debt and listed equity securities as they are held for trading purpose and are used to be measured at fair value through profit or loss. Also, on initial application, there has had no material impact on the Group’s financial assets subsequently measured at amortised cost under HKAS 39 as they met the amortised cost criteria specified in HKFRS 9.

The application of HKFRS 9 affected the Group’s result in current year. The fair value gains in relation to the Group's investments in unlisted equity securities (not held for trading) of HK$ 3,910,000 that would have been recognised in other comprehensive income under HKAS 39 is now recognised in profit or loss. Accordingly, the profit reported for 2010 has been increased by HK$ 3,910,000 as a result of the change in accounting policy, resulting in an increase on the Group's basic and diluted earnings per share by HK$ 0.0023 for the year ended 31st December 2010.

As at 31st December 2010, investments in unlisted equity securities (not held for trading) of HK$13,598,000 have been included in financial assets at fair value through profit or loss.

In relation to the classification and remeasurement of financial liabilities, the application of HKFRS 9 has had no impact to the Group's results and financial position as the Group did not have financial liabilities designated as at fair value through profit or loss in both years.

The changes in accounting policies had no financial impact on the consolidated statement of financial position as at 1st January 2009. Accordingly, no restated consolidated statement of financial position as at 1st January 2009 is presented.

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures - Transfers of financial assets[3]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[4]
HKAS 24 (as revised in 2009)	Related party disclosures[5]
HKAS 32 (Amendments)	Classification of rights issues[6]
HK(IFRIC) - INT 14 (Amendments)	Prepayments of a minimum funding requirement[5]
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments[2]

[1] Effective for annual periods beginning on or after 1st July 2010 or 1st January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1st July 2010.
[3] Effective for annual periods beginning on or after 1st July 2011.
[4] Effective for annual periods beginning on or after 1st January 2012.
[5] Effective for annual periods beginning on or after 1st January 2011.
[6] Effective for annual periods beginning on or after 1st February 2010.

The amendments to HKAS 12 titled "Deferred tax: Recovery of underlying assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. TURNOVER

Turnover represents the amount received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes, income from concessionaire sales, service income and rental income during the year, and is analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
Sales of goods – direct sales	**2,491,562**	2,200,038
Income from concessionaire sales	**1,657,353**	1,416,272
Service income	**90,360**	78,863
Rental income	**78,190**	61,035
	4,317,465	3,756,208

Segment Information

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus goods sold, services provided and rental operation in distinct geographical locations.

The Group has two operating segments geographically, Hong Kong and People's Republic of China ("PRC") which are managed separately. The Group determines its operating segments based on the internal reports reviewed by the Board of Directors of the Company that are used to allocate resources and assess performance.

The Group has no customers that contributed over 10% of the total revenue of the Group for both years.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Hong Kong	**PRC**	**Consolidated total**
	HK$'000	***HK$'000***	***HK$'000***
For the year ended 31st December, 2010			
Revenue			
External sales	**3,451,605**	**865,860**	**4,317,465**
Result			
Segment result	**1,386,817**	**185,554**	**1,572,371**
Fair value changes on investment properties			**63,154**
Discount arising on acquisition of additional interest in an associate			**114,556**
Investment income			**58,079**
Share of profit of a jointly controlled entity			**24,252**
Share of profits of associates			**99,632**
Finance costs			**(35,788)**
Profit before taxation			**1,896,256**

	Hong Kong *HK$'000*	PRC *HK$'000*	Consolidated total *HK$'000*
For the year ended 31st December, 2009			
Revenue			
External sales	3,059,433	696,775	3,756,208
Result			
Segment result	1,116,497	137,319	1,253,816
Fair value changes on investment properties			178,756
Reversal of impairment loss on loan receivable			18,180
Investment income			48,355
Share of profit of a jointly controlled entity			12,341
Share of profits of associates			25,360
Finance costs			(38,366)
Profit before taxation			1,498,442

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without share of profits of associates and jointly controlled entity, discount arising on acquisition of additional interest in an associate, reversal of impairment loss on loan receivable, fair value changes on investment properties, investment income and finance costs. This is the measure reported to the Board of Directors of the Company for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	Hong Kong ***HK$'000***	**PRC** ***HK$'000***	**Consolidated total** ***HK$'000***
As at 31st December, 2010			
Assets			
Segment assets	**4,348,087**	**6,909,005**	**11,257,092**
Financial assets at fair value through profit or loss			**786,370**
Interest in a jointly controlled entity			**467,929**
Interests in associates			**1,348,828**
Unallocated assets			**12,737**
Consolidated total assets			**13,872,956**
Liabilities			
Segment liabilities	**962,850**	**1,046,613**	**2,009,463**
Amount due to a jointly controlled entity			**29,934**
Bank borrowings			**3,398,200**
Unallocated liabilities			**532,305**
Consolidated total liabilities			**5,969,902**

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

Addition to non-current assets	**1,310**	**214,990**	**216,300**
Depreciation of property, plant and equipment	**79,540**	**129,528**	**209,068**
(Gain) loss on disposal of property, plant and equipment	**(103)**	**548**	**445**
(Reversal of) impairment for trade and other receivables	**(112)**	**41**	**(71)**
Provision for write-down of obsolete inventories	**638**	**374**	**1,012**
Release of prepaid lease payment	**–**	**10,357**	**10,357**
Share-based payment	**15,365**	**–**	**15,365**

Note: Non-current assets excluded financial instruments and deferred tax assets.

	Hong Kong *HK$'000*	PRC *HK$'000*	Consolidated total *HK$'000*
As at 31st December, 2009			
Assets			
Segment assets	3,946,293	6,565,400	10,511,693
Available-for-sale investments			9,688
Financial assets at fair value through profit or loss			341,457
Interest in a jointly controlled entity			502,298
Interests in associates			720,442
Amount due from a jointly controlled entity			47,484
Loans receivable			157,583
Unallocated assets			10,757
Consolidated total assets			12,301,402
Liabilities			
Segment liabilities	893,542	1,251,621	2,145,163
Bank borrowings			3,186,720
Unallocated liabilities			286,512
Consolidated total liabilities			5,618,395

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

Addition to non-current assets	40,528	732,010	772,538
Depreciation of property, plant and equipment	93,101	107,570	200,671
Loss on disposal of property, plant and equipment	66	18	84
Impairment for trade and other receivables	1,800	–	1,800
(Reversal of) provision for write-down of obsolete inventories	(208)	401	193
Waiver of non-current other payable	60,000	–	60,000
Release of prepaid lease payment	–	19,854	19,854
Share-based payment	48,170	–	48,170

Note: Non-current assets excluded financial instruments and deferred tax assets.

Geographical information

Analysis of the Group's non-current assets by geographical location of the assets is detailed below:

	2010		2009	
	Hong Kong	**PRC**	Hong Kong	PRC
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Non-current assets	**1,910,910**	**4,863,837**	1,977,722	4,983,737

Note: Non-current assets excluded financial instruments and deferred tax assets.

4. COST OF SALES

	2010	2009
	HK$'000	*HK$'000*
Cost of goods sold	**1,772,081**	1,572,510
Other cost of sales	**64,141**	52,721
	1,836,222	1,625,231

5. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings and overdrafts:		
– wholly repayable within five years	**31,320**	28,151
– wholly repayable after five years	**8,110**	13,814
Others	**1,137**	1,212
	40,567	43,177
Less: Amounts capitalised	**(4,779)**	(4,811)
	35,788	38,366

Borrowing costs capitalised during the year arose on HK dollar denominated borrowings from Hong Kong at interest rate calculated by reference to the HIBOR on qualifying assets.

6. TAXATION

	2010	2009
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax	**228,720**	190,679
PRC Enterprise Income Tax	**69,030**	55,254
Under (over) provision in prior years:		
Hong Kong	**3,067**	(93)
	300,817	245,840
Deferred tax charge		
Current year	**29,593**	57,707
	330,410	303,547

7. PROFIT FOR THE YEAR

	2010	2009
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration:		
Fees	**1,000**	1,000
Other emoluments	**12,400**	9,400
Share-based payment	**9,150**	25,023
Retirement benefits scheme contributions	**12**	13
	22,562	35,436
Other staff costs	**284,403**	262,507
Retirement benefits scheme contributions, net of forfeited contributions	**14,213**	8,873
Share-based payment	**6,215**	23,147
Total staff costs	**327,393**	329,963
Auditors' remuneration	**3,672**	3,746
Depreciation for property, plant and equipment	**209,068**	200,671
Release of prepaid lease payments	**10,357**	19,854
Write-down of obsolete inventories	**1,012**	193
Minimum lease payments paid under operating lease in respect of leasehold land and buildings to		
– a jointly controlled entity	**173,346**	142,695
– other parties	**71,585**	63,785
Loss on disposal of property, plant and equipment	**445**	84

	2010	2009
	HK$'000	*HK$'000*
Cost of inventories recognised as expense	**1,772,081**	1,572,510
(Reversal of) impairment for trade and other receivables	**(71)**	1,800
and crediting:		
Net exchange gain	**2,209**	1,536
Gross rental from investment properties (net of negligible outgoings)	**1,424**	–
Gross rental from sub-letting of commercial properties	**76,766**	61,035
Less: Direct operating expenses in respect of sub-letting of commercial properties	**(65,052)**	(49,494)
Net rental income	**13,138**	11,541
Expense capitalised in construction in progress:		
Prepaid lease payments	**8,544**	–

8. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Dividend recognised as distributions during the year:		
Final dividend in cash paid for year ended 31st December 2009 - HK cents 17.0 per share (2009: HK cents 12.0 paid for year ended 31st December 2008)	**285,115**	199,998
Interim dividend in cash paid for six months ended 30th June 2010 - HK cents 14.7 per share (2009: HK cents 11.0 paid for six months ended 30th June 2009)	**246,751**	184,069
	531,866	384,067

Subsequent to the end of the reporting period, final dividend of HK cents 19.0 (2009: HK cents 17.0) per share has been proposed by the directors which is subject to approval by the shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to equity holders of the Company for the purposes of basic and diluted earnings per share	**1,407,534**	1,142,468

	2010	2009
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,677,245**	1,668,021
Effect of dilutive potential ordinary shares issuable under the Company's share option scheme	**10,422**	9,167
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,687,667**	1,677,188

10. LONG-TERM DEPOSITS PAID

	2010	2009
	HK$'000	*HK$'000*
Deposit paid for:		
– acquisition of additional equity interest in an associate (Note)	**–**	236,374
– acquisition of property, plant and equipment	**3,083**	1,017
	3,083	237,391

Note: This represented approximately 60% of the purchase consideration for the acquisition of additional equity interest in 石家莊北國人百集團有限責任公司 ("Beiren Group"). During the year ended 31st December 2010, the Group's 60% owned subsidiary has completed acquisition of an additional equity interest in Beiren Group, increasing its interest therein to 49%.

11. INTERESTS IN ASSOCIATES

	2010	2009
	HK$'000	*HK$'000*
Unlisted, at cost	**1,068,986**	675,028
Share of post-acquisition profits and other comprehensive income	**279,842**	45,414
	1,348,828	720,442

As at 31st December 2010 and 2009, the Group had interests in the following associates:

Name of entity	Form of business structure	Place/ Country of incorporation /registration	Principal place of operation	Proportion of nominal value of issued capital/ registered capital held by the Group		Proportion of voting power held		Principal activity
				2010	2009	**2010**	2009	
Beiren Group	Incorporation	PRC	PRC	**49%** (note 1)	30%	**49%**	30%	Investment holding of a group of companies engaging in the operation of department stores, supermarkets, and property leasing
河北北國先天下廣場有限責任公司 ("Future Mall") (note 2)	Incorporation	PRC	PRC	**48%**	48%	**48%**	48%	Retailing business in the PRC
Dragon Sign Limited	Incorporation	Hong Kong	PRC	**50%**	**50%**	**50%**	**50%**	Investment holding of a company engaged in operation of restaurants in the PRC

Notes:

1. The Group holds equity interest of 49% (2009: 30%) in the Beiren Group indirectly through a 60% owned subsidiary of the Group. During the year ended 31st December 2010, the Group's 60% owned subsidiary has completed acquisition of an additional equity interest in Beiren Group, increasing its interest therein to 49%.

2. The Group holds equity interest of 48% in Future Mall indirectly through a 60% owned subsidiary, Ample Sun Group Limited. At 31st December 2010 and 2009, Future Mall was also owned as to 51% by the Beiren Group.

   At 31st December 2010 and 2009, the 48% equity interest in Future Mall has been grouped under assets classified as held for sale (note 14).

12. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables with the aging analysis as follows:

	2010	2009
	HK$'000	*HK$'000*
0-30 days	**67,432**	54,554
31-60 days	**2,495**	3,078
61-90 days	**236**	498
Over 90 days	**934**	799
	71,097	58,929

Other receivables represent mainly other receivables, prepayments and deposits.

13. LOANS RECEIVABLE

At 31st December 2009, the amount represented a loan advanced to 河北先天下房地產開發有限責任公司, an independent third party who was in the process of acquiring an equity interest in an entity for the year ended 31st December 2009. It was unsecured, bore interest at 12% per annum and was fully repaid during the year.

14. ASSETS CLASSIFIED AS HELD FOR SALE

On 16th December 2009, Win Early Limited ("Win Early"), a wholly-owned subsidiary of the Group, and Smart Success Investment Limited ("Smart Success"), 40% shareholder of Ample Sun Group Limited, entered in a conditional sale and purchase agreement as Vendors with GS China Shopping No. 1 GmbH & Co. KG (the "Purchaser"), a limited partnership incorporated under the laws of the Federal Republic of Germany, whereby Win Early and Smart Success conditionally agreed to sell their respective 60% and 40% shareholding in Ample Sun Group Limited to the Purchaser.

Completion of the transaction could not take place during the year ended 31st December 2010 as certain conditions precedent have not been fulfilled and the Purchaser has requested for an extension of time for completion. Since the Group remains committed to dispose of the assets, the assets continue to be classified as held for sale as at 31st December 2010.

The Group acquired 60% shareholding in Ample Sun Group Limited in 2007. Ample Sun Group Limited is an investment holding company and its major asset is its 48% equity interest in Future Mall, a company established in the PRC.

The assets attributable to Ample Sun Group Limited expected to be sold within twelve months from the end of the reporting period were classified as assets held for sale as at 31st December 2010 and 2009. The carrying amount of the assets as at 31st December 2010 and 2009, which has been presented separately in the consolidated statement of financial position, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Interest in an associate held for sale	**436,909**	436,909

15. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the aging analysis as follows:

	2010	2009
	HK$'000	*HK$'000*
0 - 30 days	**225,904**	187,768
31 - 60 days	**29,263**	42,648
61 - 90 days	**557**	5,785
Over 90 days	**1,802**	3,123
	257,526	239,324

Other payables represent mainly concessionaire sales payable, other payables, deposits and accrued charges.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK cents 19.0 (2009: HK cents 17.0) in cash per share. The proposed final dividend, together with the interim dividend of HK cents 14.7 per share paid on 3rd September, 2010, give a total dividend of HK cents 33.7 per share for 2010 (2009: HK cents 28.0).

Subject to approval at the forthcoming Annual General Meeting, the proposed final dividend will be payable on or about Wednesday, 4th May, 2011 to shareholders whose names appear on the Register of Members of the Company at the close of business at 4:30 p.m. on Wednesday, 27th April, 2011.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from Wednesday, 20th April, 2011 to Wednesday, 27th April, 2011 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and determine the entitlement to attend and vote at the 2011 Annual General Meeting, all transfers of shares with relevant share certificates and completed transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for shares registration not later than 4:30 p.m. on Tuesday, 19th April, 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

The year 2010 saw the global financial system get back to a firmer foundation following the global financial crisis. Economies around the globe have seen some kind of recovery, with the emerging nations growing at a much faster pace, whereas developed countries, in particular in Europe, continued to struggle with their economic woes.

Having undergone a V-shape recovery, and having become the world's second largest economy after surpassing Japan in the third quarter of the year, China had played a particularly vital role in driving the economic upturn during 2010. Following the timely launch in 2009 of coordinated stimulus government measures and policies to keep the rebound on track, China introduced a host of credit tightening and austerity measures in the latter part of the year, as a necessary step to address the expansionary credit growth and hence fears of overheating. Notwithstanding these conflicting policies and measures, China logged a staggering 10.3% GDP growth for the whole of 2010, with retail sales of consumer goods increasing by 18.4% year-on-year.

In Hong Kong, the economy also rebounded vigorously in 2010, outperforming most analysts' forecasts. The annual GDP expanded at a faster-than-expected 6.8% on the back of the global economic recovery, which has led to dramatic expansion in private and public consumption and growth in export trade. Consumer sentiment was robust, thanks in part to the wealth effect created by the buoyant property market. In addition, inbound visitors in 2010 surged 21.8% year-on-year to reach an all-time high at 36.03 million, which included some 22.68 million, or 62.9%, of mainland Chinese tourists. The increasing international conventions and exhibitions held in Hong Kong during the year also helped to boost inbound international tourists. Meanwhile, conditions in the labour market have improved, with unemployment falling to a two-year low of 4.1% in the fourth quarter. This further prompted a spurt of growth in the retail market. For the whole of 2010, total retail sales revenue in Hong Kong was up 18.2% from 2009.

FINANCIAL REVIEW 2010

Lifestyle International once again delivered a pleasing performance in 2010. Right from the start of the year, the market was able to continue its growth impetus carried forward from the second half of 2009. As the global economic headwinds were gradually replaced by the tailwinds of recovery, the Group, which remained focused on implementing its sound business strategies, managed to maintain rather strong sales and profit growth momentum throughout 2010. For the whole year, the Group's aggregate sales revenue increased by 17.1% year-on-year.

Sogo Causeway Bay (SOGO CWB) and Sogo Tsim Sha Tsui (SOGO TST), Lifestyle International's Hong Kong operations, continued to leverage on their brand equity and delivered double-digit sales growth during the year. The two operations achieved a significant 13.7% growth in sales revenue, which continued to account for more than one-fifth of the gross sales revenue of Hong Kong's department store sector.

The Group's operations in mainland China also fared well during the year. Shanghai Jiuguang continued to outperform the market average in terms of sales growth, and saw growing significance in terms of its contribution to the Group's overall sales and profit. Meanwhile, Suzhou Jiuguang and Dalian Jiuguang showed persistent improvement and performed solidly as they gradually gathered strength.

TURNOVER AND SALES PROCEEDS

The year 2010 marked a year in which the Group achieved record-high sales turnover, up 14.9% to HK$4,317.5 million from the previous year. Total sales proceeds (net of VAT) from both direct and concessionaire sales transactions expanded 17.1% to reach HK$9,832.7 million from HK$8,399.1 million in 2009. The increase stemmed mainly from strong same-store sales growth of the Group's three established stores, as well as sales revenue from the two new stores in Suzhou and Dalian.

The Group's operations in Hong Kong and mainland China respectively generated HK$7,170.9 million and HK$2,661.8 million in sales proceeds, accounting for 72.9% and 27.1% of the Group's total sales proceeds.

GROSS PROFIT AND NET PROFIT

The Group's gross profit margin as a percentage of turnover amounted to 57.5%, compared with 56.7% in 2009. Gross profit reached HK$2,481.2 million, up 16.4% from HK$2,131 million recorded in the previous year. The gross profit margin improved slightly during the year was a result of improving average concessionaire rates and increased sales contributed from the concessionaire sales arrangement.

Profit attributable to shareholders for the year amounted to HK$1,407.5 million, up 23.2% from the previous year. The higher net profit was mainly coming from the operating leverage at the three more established stores coupled with the narrowing of loss of the two new stores.

SELLING AND DISTRIBUTION COSTS

Selling and distribution expenses for the Group's Hong Kong operations remained stable and the slight increase was mainly the full-year effect of the two new stores as well as the kicking in during the year of the turnover rent, in addition to the fixed rental, payable to the property Joint venture by Shanghai Jiuguang. Selling and distribution expenses accounted for approximately 8.9% (2009: 9.6%) of total sales revenue of the Group.

ADMINISTRATIVE EXPENSES

Administrative expenses remained stable across the board and the significant decrease compared with last year was the saving on the staff share option charges and the absence this year of the one-off consultancy fee of HK$34 million related to the Group's acquisition of further interests in the Beiren Group last year.

STAFF COSTS

Staff costs (excluding directors) slightly increased 3.5% to HK$304.8 million during the year as a result of the saving on the staff share option charges, coupled with a relatively stable number of headcounts and moderate wage rise during the year. Staff costs accounted for 3.1% (2009: 3.5%) of total sales revenue of the Group.

OTHER INCOME

The decrease in other income this year was due to absence of the HK$60 million one-off guarantee profit which was recognised last year. Others include management fee income and other miscellaneous charges received from the concessionaire counters and tenants. The amount included also a government subsidy of RMB15 million (2009: RMB15 million) and tax refund of approximately RMB5.7 million (2009: nil) for our Suzhou store.

INVESTMENT INCOME

This comprises mainly interest income from the Group's surplus cash and net investment income, including the mark-to-market gain and loss, on a portfolio of yield enhancement financial products, mainly comprising fixed income, which forms part of the Group's treasury functions.

FINANCE COSTS

Total finance costs, which mainly consisted of interest expense on the Group's bank loans and other finance charges, dropped slightly to HK$35.8 million (2009: HK$38.4 million). The decrease was due to the fact that while the interest environment remained largely the same as 2009 throughout the year, the average loan level was also stable. During the year, some HK$4.8 million (2009: HK$4.8 million) of interest expense has been capitalised as property under development, mainly for the Shenyang Jiuguang store project.

FAIR VALUE CHANGES ON INVESTMENT PROPERTIES

The amount comprises mainly fair value gain (before tax) in respect of the Group's investment properties situated in the PRC. The significantly high amount in 2009 arose mainly from the revaluation gain of a property-under-development project in Shenyang which acquisition was completed right before the end of 2009. This portfolio of investment properties is currently held for capital appreciation and investment purposes and the Group will consider disposing them in due course.

LIQUIDITY AND FINANCIAL RESOURCES

As at the end of 2010, the Group was in net cash position, before counting the investment portfolio valued at approximately HK$786 million (2009: HK$351 million), with cash at banks amounting to approximately HK$3,761 million (2009: HK$2,890 million) and bank loans at approximately HK$3,398.2 million (2009: HK$3,186.7 million). Of the cash at banks, approximately 64.9% is denominated in US dollar and HK dollar and 35.1% is denominated in renminbi. Bank loans include a HK dollar-denominated secured loan of HK$2,700 million, repayable semi-annually, with final payment due in December 2011 as well as a US dollar secured loan in the amount of US$20 million. As at 31st December 2010, the Group had committed un-drawn loan facilities of US$5 million available. This HK dollar and US dollar secured loan facility bears interest calculated with reference to the HIBOR and LIBOR respectively. The remaining bank loans are RMB loans bearing interest calculated with reference to the PBOC lending rate. The returning to net cash position, even with a larger investment portfolio, during the year was a result of the strong operating cash inflows from the stores with relatively smaller capital expenditures during the year which amounted to approximately HK$216.3 million (2009: HK$772 million).

PLEDGE OF ASSETS

As at 31st December 2010, the Group's certain leasehold land and buildings in Hong Kong with a carrying value of approximately HK$1,547.3 million (2009: HK$1,591.6 million), together with certain shares of the Company's subsidiaries, have been pledged to secure the banking facilities of HK$4,000 million (2009: HK$4,000 million) granted to the Group of which HK$4,000 million (2009: HK$3,350 million) has been utilised. In addition, certain of the Group's property, plant and equipment in the PRC and Group's financial assets at fair value through profit or loss with carrying values of approximately HK$1,500.8 million (2009: HK$1,317.2 million) and HK$155.4 million (2009: Nil) respectively have been pledged to secure loan facilities in the amount of approximately RMB390 million (2009: RMB390 million) and US$20 million (2009: Nil) respectively.

REVIEW OF OPERATIONS

The significant improvement in the economic and retailing environment during 2010 set the stage for the Group’s growth. This favourable setting, coupled with the Group's solid business foundation and brand equity, leading industry status and well-crafted business strategies, helped to achieve remarkable results for the Group's operations in both Hong Kong and mainland China.

HONG KONG

SOGO CWB

SOGO CWB remained the biggest contributor to the Group's revenue and profit in 2010. A reliable indicator of the local economic vitality, SOGO CWB performed in line with the market upturn during the year. With a relatively low base in 2009, the first half of 2010 saw a significant 13.9% sales increase to HK$2,957.5 million. Buoyed by strong consumer sentiment, the growth momentum continued into the second half of the year and in particular the growth in the fourth quarter was much stronger than expected, resulting in a 13.6% year-on-year expansion in sales revenue for the second half of the year. During the year, both the average ticket size and the total traffic footfall were the drivers for the sales growth. Sales of high-ticket items, including jewellery and watches, were particularly strong. On balance, the store raked in total annual sales revenue of approximately HK$6,464 million, up 13.7% year-on-year.

During the Thankful Week event in November, the store once again set another new sales record with a record-breaking 185,700 customers drew to the store on the second day of the event. On the whole, the event generated approximately HK$487.4 million in sales revenue, up 21.6% from the same event in 2009.

As part of the effort to maintain SOGO CWB's established market position and to strengthen client loyalty, the Group will continue to carry out regular maintenance and renovation work on the premise so as to provide new attractions and make the store an even more pleasant shopping destination.

SOGO TST

SOGO TST also delivered solid results despite a fall in traffic footfall in the store’s surrounding area following the closure of the adjacent New World Centre. Total sales revenue went up 13.5% year-on-year, reaching approximately HK$706.9 million.

After years of impressive growth, SOGO TST now follows a less dramatic but stable path of development. Having established itself as a competent industry player with a good track record, it consistently delivers solid results on a steady footing. This reflects the store's status as a widely popular shopping destination in Kowloon. During the year, we further upgraded our product mix, bringing in a number of up-market brands that helped improve the average ticket size.

MAINLAND CHINA

SHANGHAI JIUGUANG

During 2010, Shanghai Jiuguang had benefited from the retail boom across mainland China which stemmed partly from the surge in pent-up demand of the more affluent group and middle class consumers after the global financial crisis.

Total sales revenue (net of VAT) went up by 17.9% year-on-year, reaching approximately RMB1,844.5 million. As one of the most preferred stores in Shanghai, it continued to demonstrate above average growth momentum and ranked third in terms of total sales revenue among all department stores in Shanghai in 2010. Positioning as a mid-to-high end full-fledged department store and in view of the growing sophistication of consumers and demand for discretionary and luxury goods, Shanghai Jiuguang made effective use of the Group's strong brand equity and a vast array of brand and merchandise mix that translated to higher average ticket size and stay-and-buy ratio in 2010. The latter suggested greater customer loyalty for the store and traffic footfall at the store is still on the up-trend.

SUZHOU JIUGUANG

Suzhou Jiuguang, in full operation for over a year, performed solidly during 2010 as it gradually gained traction amid an improved retail environment. We have seen gradual improvement in both the average traffic footfall and ticket size. Net sales revenue jumped approximately 69.3% to RMB370.7 million and the store's loss has narrowed to approximately RMB58.3 million for the year. The steady improvements reflected a persistent growth trend and the gradual build-up of clientele.

DALIAN JIUGUANG

As with its Suzhou counterpart, Dalian Jiuguang also delivered satisfactory growth for the year 2010, with net sales revenue increased by approximately 66.7% to RMB99.4 million. While the sales revenue in absolute term is still relatively small, the growth suggested Dalian Jiuguang, launched into operation in May 2009, is gradually gaining recognition and building up its market presence. In light of Dalian Jiuguang's prime location and the growing brand equity, the management believes that given more time, the store will attract a wide range of customers.

TIANJIN LIFESTYLE PLAZA

Renovation work of Tianjin Lifestyle Plaza, the Group's first shopping mall in the PRC, was completed and had a grand opening in December 2010. Market response has been encouraging and met our expectation, with over 80% of the space having been taken up. The Group will continue its marketing efforts to increase the traffic footfall in the months to come.

Positioned as a trendy shopping destination for young people, Lifestyle Plaza sits at Binjiang Road, a renowned pedestrian walk in Tianjin. Measuring 33,500 sq. m. in gross floor area the 11-storey premise offers a wide selection of brands and a diverse product mix.

INVESTMENT IN BEIREN GROUP, SHIJIAZHUANG, CHINA

The Group increased further its equity interests in February 2010 in Beiren Group, a leading retailer based in Shijiazhuang that currently operates 8 department stores, 17 supermarkets and a number of outlets specialising in electrical appliances, consumer electronic items and jewellery. The move was an attempt to enhance the Group's involvement in Beiren Group so that it can play a more active role on both its corporate and operational fronts. Operations of Beiren Group during the year have shown much improvement with sales increased by 28.9% and profit up 97.3%, according to the PRC accounts. The Group's share of results (before non-controlling interest) from Beiren Group this year increased to approximately HK$100.6 million from HK$25.2 million in 2009.

PROJECT IN THE PIPELINE

Located at the well-known pedestrian walk of Zhongjie Lu, Shenhe District, the construction work of this up and coming Shenyang Jiuguang store building is in good progress. Measuring an approximate 120,000 sq. m. in gross floor area, the store is scheduled for launch before the middle of 2013 and the Group will closely monitor the progress and ensure a smooth launch of the store.

OUTLOOK AND FUTURE PROSPECTS

Visibility to the world's economic growth in 2011 remains low due to lingering economic uncertainties in the United States and some parts of Europe. The Chinese economy, which has been playing a vital role in lifting the world from recession, will also face some kinds of challenges. Rising commodity prices and labour costs and excessive liquidity in the money market will contribute to inflationary pressures. In response, the Chinese government will continue to implement macroeconomic measures and tighter monetary policies which believe would marginally weaken the Chinese economy in 2011.

In Hong Kong, while the employment market should remain stable, the implications of growing inflationary pressures and the impact of the latest round of property cooling measures on the overall wealth effect remain to be seen. While staying positive, the management believes there is reason to be vigilant about the pace of the global economic recovery and the outlook of the retail market in 2011.

However, there are also rays of hope. The two-speed global economic recovery saw in 2010 is expected to persist in 2011, with Asia and other emerging markets outpacing developed countries. China will maintain relatively high growth, provided that macroeconomic measures remain moderate and under control. Continual urbanisation and expansion of the Chinese middle class mean consumer spending in China will continue to hold up well which may become a major contributor to the GDP growth. Meanwhile, the Chinese government's 12th Five-Year Plan period, which begins in 2011, will give a push to the ongoing process of rebalancing from export-led to domestic demand-led growth. All these will bode well for the retail markets of mainland China and Hong Kong.

Into 2011, the Group is well prepared to tackle challenges and seize opportunities by virtue of its sound and sensible business strategies, solid financial position and high brand equity. We will maintain the momentum in our well-crafted marketing and promotion initiatives, with a view to fostering growth and safeguarding our solid business foundation. Continual efforts will be put to maintain our leading position in Hong Kong, while robust plans will be rolled out to ramp up performance of the younger establishments in Suzhou, Dalian and Tianjin. We will continue efforts in enhancing our product ranges and carrying out renovation work where necessary, in order to bring fresh shopping experiences to inspire customers and capitalise on the retail boom brought by China's growing middle class and rise in disposable income.

We will be on the lookout for strategic investment opportunities and other retailing formats that may compliment our growth strategy. With the Group's strong operating cash inflows and financial position, we are ready to continue pursuing our goals. In the past years, the Group has been able to build up a portfolio of quality non-core properties and we shall continue to grow this portfolio when opportunities arise. We are confidence that this strategy will bring greater value to our shareholders in the long run. The recent stabilization of the general property price in China will provide better opportunity for the Group in negotiating new projects. The Group's self-built self-owned model should particularly be advantageous when pitching government projects as the retailing operations we subsequently put up at the premises will be able to create employment and provide stable tax revenue to the government. To continue our expansion plan in China, it is the intention of the management to sign up new projects which will likely be located in the Yangtze River Delta region, in order to leverage on the Group's scarce human resources pool and the business network already built from our Shanghai Jiuguang store.

In sum, Lifestyle International will in 2011 continue to focus on upholding its leading marketing position and profitability in order to safeguard its leading status in the industry and to sensibly expand its property portfolio with the aim to becoming a leading retail player in the PRC.

EMPLOYEES

As at 31st December, 2010, the Group employed a total of 983 employees in Hong Kong and 1,549 employees in the PRC. Staff costs (excluding directors' emoluments), including employees' share option charges of HK$6.2 million (2009: HK$23.1 million), amounted to HK$304.8 million (2009: HK$294.5 million) for the year. The Group ensures that the pay levels of its employees are competitive and in line with market trend and its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. For the year ended 31st December, 2010, no share options (2009: 20,400,000 shares) were granted to employees of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

For the year ended 31st December, 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures and hence the corporate governance principles emphasis a quality Board, sound internal controls, transparency and accountability to all shareholders. Throughout the year ended 31st December, 2010, the Company has applied the principles and complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding its Directors' securities transactions on the Company's shares. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code and its code of conduct regarding securities transactions by directors throughout the year ended 31st December, 2010.

AUDIT COMMITTEE

The principal duties of the Audit Committee of the Company include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditor of the Company. The Group's annual results for the year ended 31st December, 2010 have been reviewed by the Audit Committee.

The Audit Committee of the Company comprises four Independent Non-executive Directors, namely, Mr. Lam Siu-lun, Simon (Chairman of the Audit Committee), Mr. Cheung Yuet-man, Raymond, The Hon. Shek Lai-him, Abraham and Mr. Hui Chiu-chung, Stephen.

REMUNERATION COMMITTEE

The principal duties of the Remuneration Committee of the Company include considering the remuneration of the Directors and senior management of the Group. The Remuneration Committee comprises three Independent Non-executive Directors, namely, Mr. Lam Siu-lun, Simon, The Hon. Shek Lai-him, Abraham and Mr. Hui Chiu-chung, Stephen and one Executive Director, Mr. Lau Luen-hung, Thomas (Chairman of the Remuneration Committee).

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's Annual Report containing the Directors' Report and the Consolidated Financial Statements for the year ended 31st December, 2010 will be published on the websites of the Stock Exchange and the Company and copies will be dispatched to shareholders of the Company in due course.

ACKNOWLEDGEMENT

I would like to thank the Board, the management and all of our staff for their hard work and dedication, as well as our shareholders and customers for their support to the Group.

On behalf of the Board
Lifestyle International Holdings Limited
Lau Luen-hung, Thomas
Managing Director

Hong Kong, 28th February, 2011

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Lau Luen-hung, Thomas *(Managing Director)* and Mr. Doo Wai-hoi, William, four non-executive Directors, namely, Dató Dr. Cheng Yu-tung *(Chairman)*, Dr. Cheng Kar-shun, Henry, Mr. Lau Luen-hung, Joseph and Ms. Lau Yuk-wai, Amy and four independent non-executive Directors, namely, Mr. Lam Siu-lun, Simon, Mr. Cheung Yuet-man, Raymond, The Hon. Shek Lai-him, Abraham and Mr. Hui Chiu-chung, Stephen.