



LIFESTYLE INTERNATIONAL HOLDINGS LIMITED

利福國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1212)

INTERIM RESULTS FOR 2004

HIGHLIGHTS

- The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15th April, 2004.
- The Group recorded sales proceeds of HK\$1,651 million, representing an increase of 28.1% compared with the six months period in 2003.
- Turnover was HK\$742 million, an increase of 27.4% over the corresponding period in 2003.
- Profit attributable to shareholders was HK\$185 million, an increase of 115.8% over the corresponding period in 2003.
- Earnings per share increased by 85.9% to HK cents 29.49.
- Interim dividend of HK cents 3.9 and special dividend of HK cents 2.7 per share were recommended by the Board.

RESULTS

The Board of Directors of Lifestyle International Holdings Limited (the "Company") is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2004 (the "Period") are as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE, 2004**

		Six months ended 30th June,	
	<i>Notes</i>	2004 <i>HK\$'000</i> (Unaudited)	2003 <i>HK\$'000</i> (Unaudited)
Turnover	3	742,255	582,682
Cost of sales and direct operating expenses		<u>(337,856)</u>	<u>(282,566)</u>
Gross profit		404,399	300,116
Other operating income		19,626	18,896
Distribution costs		(168,165)	(146,157)
Administrative expenses		<u>(32,567)</u>	<u>(26,017)</u>
Profit from operations	4	223,293	146,838
Finance costs	5	(3,193)	(47,073)
Surplus on revaluation of investment properties	6	<u>6,700</u>	<u>–</u>
Profit before taxation		226,800	99,765
Taxation	7	<u>(41,930)</u>	<u>(14,106)</u>
Profit attributable to shareholders		<u>184,870</u>	<u>85,659</u>
Interim dividends and special dividends declared after interim period end	8	<u>49,302</u>	<u>–</u>
Earnings per share – basic (HK cents)	9	<u>29.49</u>	<u>15.86</u>
Interim dividend per share (HK cents)	8	3.9	–
Special dividend per share (HK cents)	8	<u>2.7</u>	<u>–</u>
Total dividend per share (HK cents)	8	<u>6.6</u>	<u>–</u>

NOTES

1. Group reorganisation and basis of preparation of condensed financial statements

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 29th December, 2003 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's ultimate holding company is Real Reward Limited ("Real Reward"), a company incorporated in the Cayman Islands.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are the operation of retailing business and property investment.

Pursuant to a group reorganisation (the “Group Reorganisation”) to rationalise the structure of the Group in preparation for the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the Group on 26th March, 2004. Details of the Group Reorganisation was set out in the prospectus issued by the Company dated 31st March, 2004 (the “Prospectus”).

The dealings of the shares of the Company on the Stock Exchange took place on 15th April, 2004.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the condensed consolidated financial statements of the Group for the Period have been prepared on a merger accounting basis in accordance with Statement of Standard Accounting Practice (the “SSAP”) 27 “Accounting for Group Reconstructions” issued by the Hong Kong Society of Accountants (the “HKSA”).

The condensed financial statements have been prepared in accordance with SSAP 25 “Interim financial reporting” issued by the HKSA and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. Significant accounting policies

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s financial information for the year ended 31st December, 2003 as set out in the Prospectus.

3. Turnover and segment information

Turnover represents the net amount received and receivable for goods directly sold by the Group to outside customers, less returns and allowance, income from concessionaire sales, rental income and services income is analysed as follows:

	Six months ended 30th June,	
	2004	2003
	<i>HK\$’000</i>	<i>HK\$’000</i>
Sales of goods – direct sales	441,609	351,733
Income from concessionaire sales	270,016	204,236
Rental income	14,289	13,895
Services income	16,341	12,818
	742,255	582,682

The cost of sales and direct operating expenses are analysed as follows:

	Six months ended 30th June,	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of sales	316,622	261,121
Direct operating expenses	21,234	21,445
	<u>337,856</u>	<u>282,566</u>

Over 90% of the Group's turnover and contribution to operating profit is attributable to the operation of department store for retailing of merchandise and all of the Group's turnover and contribution to operating profit are attributable to customer in Hong Kong. Accordingly no analysis of segment is presented.

As at the balance sheet date, all of the Group's assets are situated in Hong Kong.

4. Profit from operations

	Six months ended 30th June,	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit from operations has been arrived at after charging:		
Depreciation of property, plant and equipment and crediting:	39,406	38,030
Gain on disposal of property, plant and equipment	2,421	21
Interest income	610	901
	<u>42,437</u>	<u>38,952</u>

5. Finance costs

	Six months ended 30th June,	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank loans, overdrafts and other borrowings wholly repayable within five years	3,037	238
Loans from a fellow subsidiary	–	46,829
Finance leases	6	6
Others	150	–
	<u>3,193</u>	<u>47,073</u>

6. Surplus on revaluation of investment properties

The revaluation increase is arising on the revaluation of investment properties at 29th February, 2004, details of the professional valuation report was set out in the Prospectus. In the opinion of the Directors, there was no significant change in the carrying value of the investment properties for the period from 1st March, 2004 to 30th June, 2004.

7. Taxation

	Six months ended 30th June,	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax	38,565	10,490
Deferred tax charge for the Period	3,365	3,616
	<u>41,930</u>	<u>14,106</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the Period.

8. Dividends

	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend payable - HK cents 3.9	29,133	—
Special dividend payable - HK cents 2.7	20,169	—
	<u>49,302</u>	<u>—</u>

The directors have declared an interim dividend of HK cents 3.9 and a special dividend of HK cents 2.7 per share to the shareholders of the Company whose names appear in the register of members on 10th September, 2004.

9. Earnings per share

The calculation of basic earnings per share for the six months ended 30th June, 2004 is based on the net profit for the Period of HK\$184,870,000 (2003: HK\$85,659,000) and on the weighted average of 626,785,714 shares (2003: 540,000,000 shares) that would have been in issue throughout the Period. The 540,000,000 shares in issue prior to the listing of the Company's shares on the Stock Exchange, as adjusted to reflect the issue of shares by way of capitalisation of loans on the assumption that the Group Reorganisation had been completed on 1st January, 2003.

No diluted earnings per share is presented, as the Company did not have any dilutive potential ordinary shares in issue.

INTERIM AND SPECIAL DIVIDENDS

The Board of Directors has declared an interim dividend for the six months ended 30th June, 2004 of HK cents 3.9 (2003: Nil) and a special dividend of HK cents 2.7 in cash per share payable on 15th September, 2004 to shareholders whose names appear on the register of members of the Company on 10th September, 2004.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 6th September, 2004 to 10th September, 2004, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim and special dividends, all transfers accompanied by the relevant share certificates 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, Hong Kong for registration no later than 4:00 p.m. on 3rd September, 2004.

FINANCIAL REVIEW

Turnover

Turnover of the Group for the Period was HK\$742.3 million, representing an increase of 27.4% over the corresponding period in 2003. The increase in turnover was primarily due to the increase in sales proceeds from both direct and concessionaire sales.

Sales Proceeds

Sales proceeds represents the net amount received and receivable for goods directly sold by the Group under "direct sales" and the underlying sales proceeds from concessionaire sales.

	For the six months ended 30th June,			
	2004		2003	
	<i>HK\$'mn</i>	As a % of total sales proceeds	<i>HK\$'mn</i>	As a % of total sales proceeds
Sales proceeds				
– from direct sales	442	26.8%	352	27.3%
– from concessionaire sales (gross value)	1,209	73.2%	937	72.7%
	<u>1,651</u>	<u>100.0%</u>	<u>1,289</u>	<u>100.0%</u>
Total	<u>1,651</u>	<u>100.0%</u>	<u>1,289</u>	<u>100.0%</u>
Gross profit margin on total sales proceeds(%)		<u>23.9%</u>		<u>22.9%</u>

Gross profit and gross profit margin

Gross profit margin for the Period in turn of gross profit to turnover was 54.5%, an increase of 5.8% when comparing to the 51.5% of the corresponding period in 2003. Gross Profit for the Period was HK\$404.4 million, representing a 34.7% increase when comparing to the corresponding period in 2003.

EBITDA

Group EBITDA (operating profit before interest, taxation, depreciation and amortization) for the Period was HK\$269.4 million comparing to HK\$184.9 million for the same period in 2003. Group EBITDA margin rose to 36.3% for the Period against 31.7% in the corresponding period in 2003. The improvement was primarily due to various strategic sales plans and efficiency programs implemented in the first half of 2004.

The Group's net profit for the Period grew by 115.8% to HK\$184.9 million and net profit margin improved to 11.2% from 6.6%, basing on the sales proceeds.

Expenses

	For the six months ended 30th June, 2004		2003	
	HK\$'mn	As a % of turnover	HK\$'mn	As a % of turnover
– Distribution costs	168	22.7%	146	25.1%
– Administrative expenses	33	4.4%	26	4.5%

With the continued effective cost control, the distribution costs to turnover of the Group had decreased to 22.7% from 25.1% and administrative expenses to turnover had decreased to 4.4% from 4.5%, when compared to last year.

Finance costs

Finance costs of HK\$3.2 million mainly comprised interest expenses and finance charges on bank loans. The significant decrease in finance costs was mainly attributable to the lower interest rate environment during the Period and the reduction of shareholders' loan due to capitalization of shareholders' loan in April 2004 before listing.

Net assets value

As at 30th June, 2004, the Group's total net assets was HK\$1,585.1 million (Net deficit at 31st December, 2003: HK\$1,116.1 million). The net asset value per share was HK\$2.12 versus a net deficit per share of HK\$2.07. The increase in net asset value per share was mainly due to the profit retained for the Period, the capitalization of pre-listing shareholders' loan of an aggregate amount of HK\$885,369,040.40 owing from the Company to Real Reward by the issuance and allotment of an aggregate of 120,560,041 shares in March 2004 and the proceeds from new issue of 207,000,000 ordinary shares at HK\$8.3 per share issued to public in April 2004.

Group's liquidity and financial resources

The Group's net increase in cash and cash equivalent grew to HK\$1,644 million during the Period versus a net decrease in cash and cash equivalent of HK\$0.03 million in the corresponding period in 2003. The increase of cash flow is mainly due to the proceeds of HK\$1,718 million from new issue in April 2004. The Group's cash and bank balance at 30th June, 2004 was HK\$1,838 million.

At 30th June, 2004, the Group's bank and other borrowings was HK\$2,051 million (31st December, 2003: HK\$3,050 million). Cash and deposit at bank was HK\$1,838 million (31st December, 2003: HK\$194 million) and net borrowings was HK\$213 million (31st December, 2003: HK\$2,856 million). The decreases in both of the total and net debt were mainly due to the capitalization of an aggregate amount of HK\$885,369,040.40 owing from the Company to pre-listing shareholders by the issuance and allotment of 120,560,041 shares on 26th March, 2004.

Total debt to equity ratio of 129% and net debt to equity ratio of 13.4% were expressed as a percentage of bank and other borrowings, and net borrowings respectively, over the total net assets of HK\$1,585 million.

The Group's total bank and other borrowings of HK\$2,051 million as at 30th June, 2004, are repayable within 5 years and carry interest rates calculated with reference to HIBOR.

Pledge of assets

As at 30th June, 2004, the Group's investment properties and land and building with their respective book values of approximately HK\$1,870.9 million (31st December, 2003: HK\$1,886.8 million) were pledged to banks to secure general banking facilities of the Group.

BUSINESS REVIEW

The Group's retail operations have been established for more than 19 years in Hong Kong. 2004 is an important year for the Group as it marked the Group's listing on the Main Board of The Stock Exchange of Hong Kong Limited, a milestone which recognised both the Group's standing among its customers and its financial strength.

During the six months period under review (the "Period"), we have continued to leverage on our business and revenue model and have achieved significant improvements, thus increasing both the return to our shareholders and enhancing the services provided to our customers. With the recovery of Hong Kong economy, the prospect of an end to deflation and a gradually drop in the unemployment rate, consumer confidence has substantially improved markedly, stimulating most retailing businesses, and contributing to the Group's remarkable growth during the Period.

Sales proceeds and turnover

During the Period, the Group recorded sales proceeds of HK\$1,651.0 million, representing an increase of 28.1%, or HK\$362.0 million, as compared to the corresponding period in 2003. The turnover of the Group, which recorded the income from the concessionaire sales rather than the sales proceeds of concessionaire counters as shown in note 3 of the accounts, was HK\$742.3 million, representing an increase of 27.4%, or HK\$159.6 million, as compared on the same basis. As the same period in 2003 were affected by the outbreak of SARS, the growth rates for turnover and retail sales of the Period are more comparable to the corresponding result in 2002. On that basis, there was an increase of 11.7% increase in the turnover and a 21.2% increase in retail sales.

The average daily customer flow within the Group's Sogo store in Hong Kong ("Sogo HK") grew from 79,039 in the first half of 2003 to 86,308 for the Period, an encouraging growth rate of 9.2% when compared to the corresponding six-month period in 2003. Compared to the first half in 2003, the stay and buy ratio is around 30%, and the average sales per transaction has increased by 16%. The average transaction size reached HK\$350.

Sogo HK not only attracts local shoppers but is also a preferred shopping location for tourists. According to a survey issued by a Europe-based investment bank in June 2004, Sogo HK is one of the three most popular shopping places for mainland tourists in Hong Kong. Sogo HK's in-house survey of its customer profile showed that approximately 75% of its customers were local customers. Of the remaining 25%, which were made up of tourists, approximately 80% were visitors from the PRC.

For the Period, Sogo HK contributed as much as 1.7% to the total figure for retail sales in Hong Kong and accounted for 17.7% of sales from all department stores in Hong Kong. The Group's performance is attributable to its aggressive marketing strategy and business development policies. During the Period, Sogo HK launched 36 special sales and promotional activities in addition to its regular promotional events in the 9th floor event hall and has provided a distinctive shopping experience to its customers.

The implementation of economy-stimulating incentives, which includes the PRC government's relaxation of control over mainland visitors to Hong Kong and the acceptance of Renminbi credit and debit card transactions, has provided additional business opportunities to the Group, enabling it to enhance its performance. The acceptance of Renminbi credit and debit card transactions by Sogo HK has also stimulated sales.

Sales mix

The breakdown of sales proceeds and gross profit margin of the Group's four major categories of merchandise are shown below.

Breakdown of Sales proceeds

	For the six months ended 30th June, 2004		For the six months ended 30th June, 2003	
	<i>HK\$mn</i>	% of Total Sales Proceeds	<i>HK\$mn</i>	% of Total Sales Proceeds
Apparel and fashion	820	50	634	49
Cosmetics and accessories	466	28	346	27
Household, toys and others	207	12	172	13
Food and confectionery	158	10	137	11

Breakdown of Gross Profit Margin

	For the six months ended 30th June, 2004	For the six months ended 30th June, 2003
Apparel and fashion (%)	25	23
Cosmetics and accessories (%)	23	23
Household, toys and others (%)	23	23
Food and confectionery (%)	25	24

Management keeps customers' requirements and overall market trends under constant review. The management has started to review the terms of its concessionaire arrangements for the coming year, as about 75% of these arrangements are due for renewal this year. The continuous upgrading of the store environment and the introduction of new product-mix and customer services are an ongoing challenge for the management of the Group. Max & Co., Guy Laroche, Morgan, Givenchy, Just Gold & Just Diamond and Fratelli Rossetti will establish their counters in the Sogo HK store in the coming months, a new Japanese Ramen Shop has just opened at Supermarket in basement 2. Regular renovation works and reallocation of sales counters will also be carried out through out the store for the rest of the year.

The Store has completed the installation of outdoor mega advertising banners wall along Hennessy Road. These additional advertising banners have been well received and provide effective means of advertising space for store promotions. The Group has also installed a video wall at the road side of East Point Road and an LCD display panel at the main entrance of the Store at Hennessy Road to further provide value-added services to customers, such as the Store at daily updated news, weather reports and live broadcasts of store activities.

Emphasising quality customer-orientated services, the Group requires all front-line staff to attend regular training sessions to update their product knowledge, and sharpen their language skill. Furthermore, Sogo HK also has recently added an 1-day garment alteration service and was among the first retailers to accept Money Link cards to cater for the needs of PRC customers.

During the Period, the Group continued to operate outlets under different formats such as the ten-dollar shop Daiso Land, Beauté@SOGO and Nu Front. With the anticipated favorable market conditions ahead, the Group has also signed up a distribution arrangement with Haba Laboratories, Inc. in Japan for the direct trading and sales of the HABA cosmetics and health products.

Future Prospects

The Group believes that the economy of Hong Kong has re-gained its growth momentum since the fourth quarter of 2003, as evidenced by the real GDP growth rate. With the Hong Kong economy continuing an upturn, consumers are more willing to spend, in particular amongst the Group's target middle-to-upper class customers. This trend will definitely benefit the Group's performance for the rest of the year.

Since the Group is mainly operated within its own property, it will continue to be sheltered from the potential increase of rental costs, which is expected as the retailing business sector improves.

To fulfill the Group's commitment of providing a 'one-stop' premier shopping experience and quality customer services to its customers, the Group will launch its privilege Sogo Club. Based on an evaluation of customer needs, the Group decided to renovate the 11th to 16th floors of New Wing of its store into a "privilege" club. The renovation work has already commenced and is scheduled for completion in near the end of the year. The resulting 55,000 sq.ft. facility will include attractions such as a mega book club, an organic restaurant, a spa, a hair salon, a beauty salon and a cultural center. It is expected that the Sogo Club, equipped with high quality facilities and professional services, will provide a perfect environment for mental and physical relaxation and enhance the one-stop shopping experience offered to our loyal customers, with a further touch of lifestyle personal care. Operators for various services of the club have been recruited and the launching of membership to our existing customers will start soon.

Jiu Guang Department Store and Cityplaza in Shanghai

To strategically expand the Group's operations to Shanghai and to take advantage of the rapid economical expansion in the PRC, the Group has agreed to acquire substantial interests in both property and retailing joint-ventures in Shanghai, Jingan District for the operation of the Jiu Guang Department Store ("Jiu Guang Store"). The whole retailing complex consists of 690,000 sq.ft. of department store space and 310,000 sq.ft. of shopping mall. It is the Group's aim to replicate the Sogo business operation model in this new Shanghai store, which is situated at a prime commercial location in the Jingan District served by two arterial subways. The Certificate of Approval for operating as a retailing department store for the Jiu Guang Store was granted by the PRC Ministry of Commerce (中國商務部) in Beijing in early June 2004. The business licence of the operation joint venture operating Jiu Guang Store was also issued by the Shanghai Administration of

Industry and Commerce (上海市工商行政管理局) on 27th July 2004. The soft-opening of the store has taken place in mid June, 2004 and the pilot operation of the shopping mall within the same complex has commenced in early July 2004. Major sales and promotional activities will begin in around mid September this year. The grand openings of the Jiu Guang Store and the shopping mall are scheduled to be on 1st October 2004. Over 470 counters of prestige international brands and famous national brands are starting up their business in Jiu Guang Store.

The Group plans to complete the acquisition during the last quarter of 2004. The management expects that the department store and the shopping mall will soon be in full operation.

LISTING/USE OF NET PROCEEDS

On 15th April, 2004, the Company was listed on the Main Board of The Stock Exchange. An aggregate of 207,000,000 shares were issued and the Company raised net proceeds of approx. HK\$1,600 million from the IPO. The existing shareholding structure of the Company is as follows:

Shareholders	Number of Shares	Approximate % of shareholding
Real Reward Limited	540,000,000	72.29
Public shareholders	207,000,000	27.71
	747,000,000	100.00

Up to 30th June, 2004, proceeds of approx. HK\$450,000 of the said net proceeds were applied to renovation and expansion of the existing Sogo Store. Not more than HK\$500,000,000 out of such proceeds is anticipated to be applied for the agreed acquisition of the equity interests in the PRC property joint-venture company – 上海九百城市廣場有限公司 (Shanghai Joinbuy City Plaza Co., Ltd.) and in operation joint-venture company – 上海久光百貨有限公司 (Shanghai Ongoing Department Store Limited) for the Company's expansion in Shanghai retailing industry as per executed acquisition agreement described in the prospectus of the IPO. Another sum of around HK\$30,000,000 out of these proceeds will be used to pay up the registered capital of the operation joint-venture company. The completion of the acquisition is expected to be around the last quarter of 2004. Further announcement in this regard will be made in due course.

For the remaining net proceeds, the Group has arranged according to its treasury policy for short term interest-bearing deposits and money market instruments with financial institutions. Currently, the Group has no fixed plan for any repayment of its existing bank loans other than as required in loan documentation, so as to take advantages of the existing low interest rate scenario. The Group would from time to time evaluate the situation and its policy in maximizing its possible return to the funds.

EMPLOYEES

As at 30th June, 2004, the total number of employees for the Group was about 800. Employees' cost (excluding directors' emoluments) amounted to HK\$73 million (2003: HK\$67 million). The Group ensures that the pay levels of its employees are competitive according to market trend that its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

4,500,000 shares of the Company were subscribed by the employees on a preferential basis at HK\$8.30 per share on the flotation of the Company in April this year.

In respect of the share option scheme for employees adopted by the Company on 27th March, 2004, no option was granted since its adoption.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30th June, 2004.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th June, 2004, except that the non-executive directors and independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement and re-election at each Annual General Meeting of the Company in accordance with the Articles of Association of the Company.

AUDIT COMMITTEE

An Audit Committee ("Committee") has been established by the Company to review and supervise the financial reporting process and internal controls procedures of the Company. The Group's interim report for the six months ended 30th June, 2004 was reviewed by the Committee and the Company's auditors. The Committee comprises the four independent non-executive directors of the Company.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

This announcement will be published on the website of The Stock Exchange of Hong Kong Limited ("Stock Exchange").

An interim report for the six months ended 30th June, 2004 containing all the information required by Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange will be despatched to shareholders and published on the website of the Stock Exchange in due course.

ACKNOWLEDGEMENT

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

DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. Lau Luen Hung, Thomas, Dr. Tong Yuk Lun, Paul, the non-executive directors are Dato Dr. Cheng Yu Tung, Mr. Cheng Kar Shun, Mr. Lau Luen Hung, Ms. Lau Yuk Wai, Amy, and the independent non-executive directors are Mr. Lam Siu Lun, Simon, Mr. Cheung Yuet Man, Raymond, Mr. Chung Kwok Cheong and Mr. Shek Lai Him, Abraham.

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

Hong Kong, 16th August, 2004

“Please also refer to the published version of this announcement in South China Morning Post”.