



Lifestyle International Announces 2021 Interim Results

***Return to profit with solid strategy and enhanced business capabilities
Further fortified competitiveness and customer loyalty for sustainable growth***

HK\$'000	For the six months ended 30 June		
	2021	2020	Change
Total sales proceeds	2,842,958	2,631,478	+8.0%
Revenue	1,062,532	942,011	+12.8%
Profit / (Loss) attributable to owners	219,991	(226,910)	+197.0%
Profit / (Loss) per share – basic	14.6 HK cents	(15.1 HK cents)	+197.0%

(2 August 2021 – 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 2021.

Hong Kong retail market returned to growth in the first half of 2021 but the recovery has been limited as inbound tourism remained frozen amid cross-border restrictions and the austere labour market situation weighed on consumer sentiment. Notwithstanding the market headwinds, the Group continued to enhance its operational efficiency with a series of strategic initiatives and proactively adjusted its business strategies and marketing initiatives to embrace the structural changes of the retail market under the post-pandemic new normal.

For the period under review, the Group’s total gross sales proceeds increased by 8.0% and turnover rose by 12.8% as a result of improvement in customer foot traffic at the stores of the Group amid the gradual easing of social distancing rules with pandemic receding in the city. The Group recorded a net profit attributable to owners of the Company of HK\$220.0 million, whereas it was a loss of HK\$226.9 million in the corresponding period last year. The profit was mainly attributable to growth in retail sales as a result of improvement in customer foot traffic, coupled with fair value gain being recorded on the Group’s financial investments and an additional net rental income being generated from the London-based commercial property which was acquired by the Group in November 2020. Basic earnings per share amounted to 14.6 HK cents.

In view of the prevailing challenging operating environment and persistent uncertainties over the pace of market recovery, the board of directors has resolved not to recommend the payment of an interim dividend. We believe that this measure is a prudent and responsible means of preserving cash for the long-term financial health of the Company.

With gradual easing of containment measures and the Group’s effective theme-based promotions introduced to attract footfall and encourage repeat purchase, sales at the flagship SOGO Causeway Bay increased 8.2% from a year earlier whereas SOGO Tsim Sha Tsui sales grew 6.8% for the period under review. Both stores saw a rebound in average ticket size.

As part of its efforts to adapt to the rapidly evolving retail landscape, the Group has further upgraded its SOGO eStore services as well as its customer relationship management system. Thanks to the convenient omnichannel shopping experiences and attractive product offerings, the Group’s iconic SOGO Thankful Week in May was well received by shoppers and achieved satisfactory sales performance.

With the exception of certain delays that were encountered last year, construction works of the Group's Kai Tak Project during the period have been progressing smoothly as scheduled. The Kai Tak retail complex is expected to be in business in 2023 and it sets to become a landmark in the East Kowloon area, further broadening and solidifying the Group's presence in the Hong Kong retailing market. Upon completion, the twin blocks of commercial building 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, "Global economy was on a firmer ground in the first half of the 2021 but cross-border travel remained at a standstill as strict travel restrictions were still generally in place amid evolving global pandemic situation. In spite of a rebound of Hong Kong retail spending with a gradual relaxation of social distancing measures and a low comparison base versus last year, local consumer sentiment stayed cautious in the wake of the lacklustre labour market."

"Looking ahead, management maintains a cautious view on the Hong Kong's retail sector for the second half of the year, as Hong Kong economic recovery has been uneven and overall economic activity stays below pre-pandemic level. The near-term outlook for the retail market remains challenging with the lack of visitor spending. A tepid job market would also undermine consumer sentiment."

Ms. Lau concluded, "It is hoped that the launch of the consumption voucher scheme and further easing of restriction measures with more citizens getting vaccinated would stimulate local consumption. Nevertheless, the timing of eventual opening-up of borders remains uncertain and any resurgence in coronavirus infections could derail the nascent recovery."

"The Group will continue to strengthen its competitive positioning and expedite its digitalization in order to stay ahead of the newly transformed retail landscape in the new normal. With our solid brand equity and experienced management team, we believe the Group will be well positioned to capitalize upon the opportunities when the pandemic subsides."

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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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