

YEAR IN REVIEW FOR 2005

PORTS DESIGN LIMITED ("PORTS" or the "Company") continued the trend of strong top and bottom line growth. Turnover increased 19.27% from RMB714.1 million in the year ended 31 December 2004 (the "2004 Financial Year" or "FY2004") to RMB851.7 million in the year ended 31 December 2005 (the "2005 Financial Year" or "FY2005"). The Company's profit attributable to shareholders increased from 133.5 million in FY2004 (restated) to RMB165.1 million in FY2005, representing an increase of 23.61%. The Company's net profit margin also improved from 18.70% in FY2004 to 19.38% in FY2005.

RETAIL TURNOVER for FY2005 was RMB643.5 million, compared with RMB491.6 million for FY2004, representing an increase of 30.90% over the same period last year.

EXPANSION OF PORTS RETAIL STORES slowed during 2005. There were 298 PORTS retail locations as at 31 December 2005, compared with 282 stores as at 31 December 2004, representing a rate of net new store openings of 6%. The company also opened two (2) additional PORTS flagship retail locations during 2005, on Euro Street in Hangzhou, and at 18 Bund in Shanghai.

AVERAGE SELLING PRICE for PORTS and Bayerische Motoren Werke AG ("BMW") branded lines of merchandise ("BMW LIFESTYLE") increased approximately 7% in FY2005, compared with 7% in FY2004, indicating continued strong customer acceptance for PORTS and BMW LIFESTYLE products. As a result of the increase in average selling price, as well as the impact from growing economies of scale in both retail concepts, gross profit margin for the Retail segment also improved from 76.90% in FY2004 to 78.46% in FY2005.

BMW LIFESTYLE retail store network saw a net increase of 10 new stores in FY2005, with 27 stores as at 31 December 2005, as compared to 17 BMW LIFESTYLE stores as at 31 December 2004, representing an increase of 58.82%. The management team now considers the BMW LIFESTYLE retail concept to be proven in the PRC market and on this basis will maintain a high rate of growth for the BMW LIFESTYLE distribution network in the 2006 Financial Year.

SAFEGUARD QUOTAS imposed by the countries of the European Economic Community ("EEC") and the United States of America ("USA") during the first half of 2005 had a negative effect on turnover of the Company's export business in the second half of FY2005. The impact was felt in both BMW LIFESTYLE exports (impacting the Company's "Other" segment), and OEM exports to USA customers (impacting the Company's "OEM" segment).

FINANCIAL STRENGTH of the Group continued in 2005, and the Group ended the year in a strong financial position with a debt to equity ratio of 0.20 given its total liabilities of RMB152.3 million (of which long-term liabilities are nil) and total shareholder's equity of RMB760.3 million.