



## HIGHLIGHTS FROM 2006

PORTS DESIGN LIMITED ("PORTS" or the "Company") continued the trend of strong top and bottom line growth throughout 2006. Turnover increased 23.86% from RMB851.7 million in the year ended 31 December 2005 (the "2005 Financial Year" or "FY2005") to RMB1,054.9 million in the year ended 31 December 2006 (the "2006 Financial Year" or "FY2006").

NET PROFIT MARGIN for the Company improved significantly, from 19.38% in FY2005 to 24.08% in FY2006. The Company's profit attributable to shareholders increased accordingly, from RMB165.1 million in FY2005 to RMB254.0 million in FY2006, representing an increase of 53.88%.

RETAIL SEGMENT growth continued to outpace the company's export-driven OEM and "Other" segments in FY2006, allowing the higher-margin retail segment to contribute a greater portion to the Company's total turnover and net profit. Turnover from the Retail segment increased 30.34%, from RMB643.5 million in FY2005 to RMB838.8 million in FY2006. Retail segment gross profit margin increased from 78.46% in FY2005 to 80.89% in FY2006. As a result of this strong growth, the Retail segment accounted for 79.51% of the Company's total turnover in FY2006 compared to 75.56% contribution in FY2005.

EXPANSION of the Ports retail store network continued as planned throughout 2006, with a net increase of 24 stores in FY2005 over FY2006, an increase of approximately 8%. Expansion of the BMW Lifestyle retail store network also proceeded as planned, with a net increase of 8 stores in FY2006 over FY2005, an increase of approximately 30%.

CELEBRITIES around the world continued to be seen wearing PORTS. In magazines, editorials, photo shoots, and on Hollywood's red carpet, celebrities recently seen wearing PORTS include Helen Mirren, Zhang Ziyi, Sandra Bullock, Portia de Rossi and Heidi Klum, to name only a few.

FORBES MAGAZINE featured Ports Design Limited on its cover, as one of the Companies profiled in their "Best Under a Billion" issue in October 2006.

FINANCIAL STRENGTH of the Group continued throughout 2006, and the Group continues to generate strong cash inflow from operating activities. The company remains in a net cash position with zero debt and had cash and cash equivalents and fixed deposits with banks at 31 December 2006 of RMB412.7 million compared to RMB346.7 million at the same time last year. The company's dividend policy remains at approximately 60% of net earnings, with declared dividends in FY2006 amounting to RMB153.5 million compared to RMB100.6 million for the same period last year, a 52.57% increase.