寶姿時裝有限公司*

(股票代碼：0589)

二零零八年中期報告

* 僅供識別

PORTS DESIGN LIMITED INTERIM REPORT 2008 寶姿時裝有限公司* 二零零八年中期報告

PORTS DESIGN LIMITED

(Stock code: 0589)

INTERIM REPORT 2008

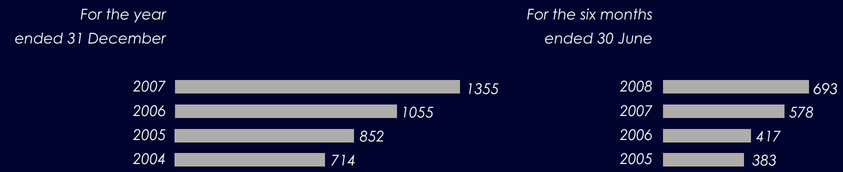
CONTENTS

FINANCIAL HIGHLIGHTS

(Financial figures are expressed in Renminbi ("RMB") million)

	For the six months ended 30 June		For the year ended 31 December				
	2008	*2007*	*2007*	*2006*	*2005*	*2004*	*2003*
Results							
Turnover	693	578	1,355	1,055	852	714	585
Profit from operations	191	145	376	280	186	142	119
Profit attributable to shareholders	183	143	397	254	165	133	107
Assets and liabilities							
Non-current assets	177	182	175	172	154	104	86
Current assets	1,350	1,053	1,186	968	758	718	607
Current liabilities	541	249	432	226	152	146	100
Net current assets	809	804	754	742	606	572	507
Total assets less current liabilities	986	986	929	914	760	677	593
Non-current liabilities	-	-	-	-	-	-	-
Shareholders' Equity	986	986	929	914	760	677	593

Turnover
(RMB millions)



Profit from Operations
(RMB millions)

Profit Attributable to Shareholders
(RMB millions)

Dividend History*
(RMB millions)

* *Note: The figure illustrates dividends declared for the period indicated, not actual dividends paid during the period indicated. The figure also illustrates an interim dividend of RMB0.21 per share, totaling RMB117.8 million declared for the period ended 30 June 2008.*

ABOUT PORTS

PORTS DESIGN LIMITED ("PORTS" or the "Company") and its subsidiaries (together with the Company, the "Group") is a vertically integrated international fashion and luxury goods company with its own design, manufacturing, marketing, distribution and retail capabilities. It is primarily engaged in the design, manufacture and retail distribution of ladies' and men's fashion garments and the sale of accessories such as shoes, handbags, scarves and fragrances in China and Hong Kong, under the PORTS brand name. The Group currently focuses most of its business activities on the PRC market and is one of the leading international fashion companies in China with over 300 retail outlets. The Group also holds the rights to wholesale and retail PORTS products to boutiques and department stores in Asia and Australia.

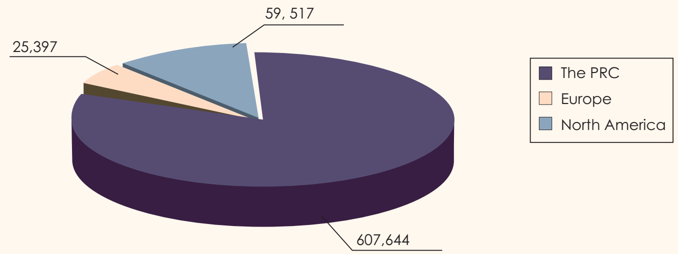
The Group markets and sells its PORTS branded products in the PRC through concessions in major department stores, retail stores located in shopping centers, and stand-alone flagship retail stores. These retail outlets are located in over 60 cities in China, including, among others, Beijing, Shanghai, Chongqing, Shenzhen, Wuhan, Xi'an and Dalian. As at 30 June 2008, the Group operated five retail outlets in Hong Kong, located in the shopping arcade of The Peninsula Hotel, One Hysan Avenue, The Landmark in Central, Sogo Department Store Causeway Bay and the Hong Kong International Airport.

The Group also sells BMW Lifestyle products in dedicated retail outlets operated by the Group in the PRC. The Group has entered into a licensing arrangement with Bayerische Motoren Werke AG ("BMW") whereby BMW has granted the Group the right to use the BMW trade mark and BMW logo on BMW Lifestyle products that are manufactured by the Group. The Group now also has the license to design and manufacture new product categories, including watches, sunglasses, and leather goods. The license is for a term of one year ending on 31 December 2008, however this will be renewed for a term of five years upon expiry and is subject to further renewal upon mutual agreement. The right to market BMW Lifestyle products in China, other than in BMW car dealer showrooms, is exclusive to the Group during the term of the license. As at 30 June 2008, the Group operated 35 BMW Lifestyle retail outlets selling BMW Lifestyle products, which include ladies' and men's clothing and accessories.

In addition to its retail operations, the Group also has an OEM business which exports merchandise to major retailers in North America and Europe. As part of its OEM business, the Group provides design input if requested by the customer, sources and purchases the raw materials and coordinates the shipment of finished goods to the customer. Currently, the manufacture of almost all OEM merchandise is outsourced. OEM products are branded under brands requested by OEM customers.

The Group separates the above businesses under three segments; "Retail", which comprises the PORTS and BMW Lifestyle retail business, "OEM", which comprises exports to North America and Europe, and "Other" which comprises mainly of exports of BMW Lifestyle goods to North America and Europe, and the wholesale of PORTS goods.

Turnover by region:
(RMB thousands)



CHAIRMAN'S STATEMENT

In the first half of 2008, the Group recorded strong revenue growth and increased profitability. Turnover for the Group reached RMB692.6 million during the first half of 2008 ("1H2008"), a 19.90% increase over the first half of 2007 ("1H2007"). Profit from operations increased to RMB190.7 million, an increase of 31.89% over the same period in 2007, net profits reaching RMB183.4 million, a 28.43% increase over 1H2007.

The Retail segment continued to dominate the Group's overall turnover, contributing over 87.74% to the Group's turnover (compared to 81.58% in 1H2007) and recording 28.95% growth in 1H2008 over 1H2007, while the export-driven OEM and Unallocated ("Other") segments recorded 29.31% and 1.82% decline in turnover in 1H2008 over 1H2007, respectively. The Directors believe that the drop in exports was directly attributable to the general decline in global economic conditions, particularly in the US markets (which is the primary export market for the Group).

The Group's gross profit margin increased from 71.62% in 1H2007 to 77.05% in 1H2008, reflecting the positive impact from the proportionally higher contribution from our higher margin Retail business, which accounted for 95.76% of the Group's gross profit in 1H2008 (up from 92.86% of the total in 1H2007).

The strong retail turnover growth experienced during 2007 continued into the first half of 2008, mainly attributable to the strong position enjoyed by the Group in the PRC market and continued efforts by the Management to strengthen the brand as well as continued strong consumer sentiment in the PRC. The Management was pleasantly surprised by the resilience of PRC consumer spending in light of a number of natural disasters (including the winter snow storms and the Sichuan earthquake) as well as turbulent global and regional financial markets. Notwithstanding these challenges, the Retail segment continued to perform well and posted healthy gains during 1H2008, with a 28.95% increase in turnover to RMB607.6 million, with the highest 1st half same store sales growth recorded in our history as a listed company. The store count at 30 June 2008 declined to 348 as compared to 360 at the year end 2007, a decline of 3.33 %. The decline in store count was in line with Management's plans, and is anticipated to be reversed in the second half of 2008.

The first half of 2008 was also an exciting period in which the Group achieved several milestones in its long term strategy to develop a multi-brand portfolio, which the Management believes will leverage our existing distribution platform as well as deliver a variety of strategic synergies to the Group.

In March 2008, the Group signed a non-exclusive distribution agreement with Giorgio Armani S.p.A., to distribute Armani Collezioni, Emporio Armani and Armani Jeans products in the PRC. The establishment of this cooperative agreement reflects in part the recognition within the industry of the Group's expertise and track record in the high-end segment in the PRC. The expansion of the Armani network in the PRC market, leveraging our existing distribution platform, will deliver strategic benefits for both parties. The control and careful execution of the expansion plan for Armani retail points of sale by our Group will cement this strategic relationship with Giorgio Armani S.p.A..

In April 2008, the Group successfully launched the new BMW Lifestyle flagship boutique at the Oriental Plaza in Beijing, using the next generation avant-garde store design. The striking design and aesthetic of our store and collection have drawn significant compliments from industry insiders and consumers. For the remainder of the year, the Group will be closely monitoring the performance and customer behaviour at the new flagship boutique and we expect to replicate and roll-out stores using this new design concept at an increased rate during 2008 and beyond.

In June 2008, the Group entered into a Joint-Venture ("JV") deal with the Vivienne Tam Group, where the Group owns 58%. The JV will distribute and market the Vivienne Tam brand within the PRC market. The ownership of the intellectual property rights that are in relation to and essential to the operation of the Vivienne Tam's business in the People's Republic of China (excluding Hong Kong, and Macau) is transferred to the JV. The Group believes that the brand positioning and marketing of the Vivienne Tam brand, while targeting a different customer segment, will be able to benefit from the retail platforms established by Ports, as it targets the same high-end

luxury market segment. However, the different brand identity and aesthetic ensures that cannibalization of core Ports customers will be minimal. This deal, combined with our manufacturing, marketing and distribution capabilities, provides further operating leverage to our existing platform, and will yield financial benefits to both Vivienne Tam and Ports. The Management believes the investment in this JV will result in significant benefit to both parties.

For 1H2008, OEM and Other segments accounted for 7.25% and 5.01% of turnover respectively. Turnover and gross profit from the OEM segment fell by 29.31% and 39.44% respectively. Turnover and gross profit from the Other segment fell marginally by 1.82% and 14.43% respectively. The U.S. market continues to be the Group's key export market for OEM, and the European Economic Community ("EEC") remains the key market for the BMW Lifestyle export. The Directors believe that the decline in the Group's export-driven OEM and Other segments was due to the weak economic environment in the U.S. and the EEC countries. The Management expects the OEM market for the second half will remain weak, but the Other segment is expected to recover due to the development of new products which will help to drive this export market for the Group.

The Group's construction of the new manufacturing facility is on-track and is expected to be ready by the fourth quarter of 2009. The combination of all the company's activities into one single building will help to boost productivity. Its manufacturing capacity is expected to boost existing capacity by over 250% and the significant increase in manufacturing capacity will help to further drive the benefits derived from economies of scale.

In February, Ports hosted its Ports 1961 *Lassair* Fall 2008 runway show during Fashion Week in New York City. The New York Fashion Week held twice a year in Bryant Park is covered by every major fashion publication in the world and is closely watched by fashion insiders. The runway show was a great success with strong coverage from global fashion media including Style.com, the online portal of VOGUE magazine. In addition, numerous international celebrities, such as Angelina Jolie, Kelly Preston, Mandy Moore, Ivanka Trump, Zhang Ziyi, Zhou Xun and Fan Bing Bing were featured wearing Ports - a testament to our growing fan base amongst global fashion aficionados.

The Directors continue to be pleased with the high quality of execution and devotion of their employees to the continued improvement of the Ports brand, and our entire operations. The diligence and dedication of our employees is reflected in the continued strength of the Ports brand name, our importance to department stores and malls as well as the continued strengthening of the Group's financial position.

A LOOK FORWARD TO THE SECOND HALF OF 2008

During the month of August, the whole retail industry in China experienced a general slowdown, due to the effect of the Beijing Olympic Games. Most consumers chose to stay home and watch the Olympic Games. As a result, customer traffic in shopping malls and department stores across the PRC showed decline. The same factor also affected our Group, but to a lesser extent. The Management remains optimistic and expects a strong second half for 2008.

For 1H2008, the Management continued execution of its corporate strategy - to accentuate its exclusive branding image by aggressively pursuing the store rationalisation programme that started 2 years ago. The drop in store count was a result of the Management's conscious decision to close down many older retail stores that were situated at locations that are now considered to be less desirable due to modernization. Moving into the second half of 2008, this trend will reverse and the Group expects the net opening of approximately 20 new stores, with a net increase in store count of approximately 4% - 5% as compared with year end 2007.

With Armani, we expect to continue opening approximately 2 new stores for various Armani collections and with regards to the recently added brand – Vivienne Tam – the Management will carefully plan for its launch, with the build up of operating expenses and inventory to be measured and designed to have its expenses matching its revenue growth.

The Group recognizes and remains optimistic about the Vivienne Tam retail business as a potential new growth area for the Retail segment. Minimal negative financial impact to the Group's operation from the JV is expected for the next 12 months, with contribution of earnings to the Group starting within a relatively short period of time. The Management will consistently monitor the JV's revenue progress and profitability improvement to ensure the brand's potential can be developed to the fullest.

The Management is also working on the development of new territories in other Asian markets such as Macau (the 3,800 square feet flagship boutique at the Shoppes at the Four Seasons was opened in July), Japan and Dubai. The Group will continue to focus on retail openings in the PRC and gain market share through accentuating innovation in marketing, merchandising, distinctive quality product offering and customer service. The Management will continue to further develop customer loyalty programs and expects to improve operating margin through improved retail store efficiency and economies of scale.

With the continued improvements in the different areas mentioned above, plus careful execution of more exquisite and strong advertising campaigns, the Management is confident that the luxury positioning of the Ports brand will continue to improve. All these together give a good foundation to the Group's pricing strategy. The Management expects to continue increasing the average unit selling price ("AUSP") by double digits this year.

The Directors anticipate continued weakness in the HK dollar, and seek to decrease the percentage of HK and US dollars held in cash reserves in favour of the RMB. To further benefit from the strong RMB and a weaker HK and US dollar, the Directors are exploring opportunities to fund the Group's operations with monies borrowed in foreign currencies, including the HK and US dollar.

The Group's effective income tax rate increased from 4.06% during 1H2007 to 9.29% during 1H2008 due to the New Tax Law promulgated by the PRC government. Our shareholders should note the start of China's tax unification program in 2008 when the Group's PRC subsidiaries' corporate income tax rate will be unified at 25% by 2012, not taking into consideration any tax incentives, if any. During the second half of 2007, the Group had received substantial tax savings due to the tax refund granted by the local Xiamen government. For the second half of 2008, the Group does not expect to receive such tax benefits. The effective income tax is expected to remain stable at approximately 10% for the full year of 2008.

The Directors remain confident about the future development of the Group's business, and have decided to increase dividend payments to our shareholders. The Directors have declared an interim dividend of RMB0.21 per share, a 31.25% increase as compared with the same period last year. The Directors will be looking at better use of our financial resources with the continued accumulation of cash and cash equivalent reserves and the Management is dedicated to continuing to improve the return to our shareholders.

Edward Tan Han Kiat
Chairman

26 August 2008
Xiamen, China

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

OVERALL PERFORMANCE

Turnover

Turnover for the six months ended 30 June 2008 was RMB692.6 million compared to RMB577.6 million for the same period in 2007, representing an increase of 19.90%. Turnover comprises three different segments: Retail, OEM and Unallocated ("Other").

Retail Turnover

Retail turnover is generated from PORTS and BMW Lifestyle branded retail stores operating in China and Hong Kong. As at 30 June 2008, there were 313 PORTS stores in China and Hong Kong and 35 BMW Lifestyle stores in China. Retail turnover generated by these stores in the first half of 2008 was RMB607.6 million, compared to RMB471.2 million for the same period in 2007, representing an increase of 28.95%. This increase was driven mainly by an increase in number of units sold in existing stores as well as an increase in the average unit retail selling price (the "AUSP"). The increase in selling price reflects, in part, the strength of the PORTS and BMW Lifestyle brands in the Chinese market. The Management attributes this strength to the continued investment into building the brands via the Group's marketing activities, and the continued favourable feedback from independent editors and critics within the fashion industry.

OEM Turnover

Turnover for the OEM segment declined from RMB71.1 million in 1H2007 to RMB50.2 million in 1H2008, a decrease of 29.31%. The Management expects that OEM exports will continue to decrease in the second half of 2008 ("2H2008"); volumes however, will not be significant to make a meaningful impact this year.

Unallocated ("Other") Turnover

Other turnover mainly comprises turnover from the export of BMW Lifestyle apparel to the global BMW dealer network as well as to BMW Lifestyle boutiques in USA and Germany and a limited amount of wholesale sales to retailers inside and outside China. Other turnover amounted to RMB34.7 million in 1H2008 compared to RMB35.3 million in 1H2007, representing a marginal decrease of 1.82%.

Cost of sales

Cost of sales in 1H2008 amounted to RMB158.9 million, compared to RMB163.9 million in 1H2007, representing a decrease of 3.03%. This decrease was mainly due to the shift in business mix away from the OEM and Other segments. Cost of sales generally increased and decreased in line with changes in turnover, but also reflects changes in the business mix of the Group's turnover. The decrease in turnover in the OEM and Other segments contributed to this decrease in cost of sales.

Gross profit

As a result of the factors discussed above, the Group's gross profit increased 28.98% from RMB413.7 million in 1H2007 to RMB533.6 million in 1H2008. The Group's gross profit margin increased from 71.62% in 1H2007 to 77.05% in 1H2008. This increase in gross profit margin was mainly due to the changes in the business mix of the Group's turnover. The Group's retail segment enjoys a significantly higher gross profit margin than the OEM and Other segments.

Retail Gross Profit

Retail gross profit increased 33.01%, from RMB384.2 million in 1H2007 to RMB511.0 million in 1H2008, while gross margin increased from 81.52% to 84.09% over the same period. Of the Group's gross profit, retail contributed 95.76% of the total in 1H2008, compared to 92.86% in 1H2007, reflecting the impact of the decrease in the contributions from the OEM and Other segments to the overall business of the Group, and the continuing importance of the Group's retail operation.

OEM Gross Profit

OEM gross profit decreased from RMB10.6 million in 1H2007 to RMB6.4 million in 1H2008, representing a decrease of 39.45%. Gross margin for the OEM segment declined from 14.94% in 1H2007 to 12.80% in 1H2008. The decrease in gross margin was mainly due to the depreciation of the U.S. dollar, which reduces the amount received when converted into RMB.

Other Gross Profit

Other gross profit decreased 14.43%, from RMB18.9 million in 1H2007 to RMB16.2 million in 1H2008. Gross margin also decreased from 53.58% in 1H2007 to 46.70% in 1H2008. This gross profit margin is more representative of the business segment, as there was no foreign exchange currency impact from the Euro. The Management is optimistic that the demand for BMW Lifestyle apparel products will continue in 2H2008, and will continue to focus its attention on the continued development of this business.

Other operating income

Other operating income lightly decreased 7.4% from RMB7.6 million in 1H2007 to RMB7.0 million in 1H2008. Other operating income consists mainly of income from the Group's sunglass licensee and store design and decoration services provided to third parties, including department stores that contain new PORTS INTERNATIONAL concessions.

Profit from operations

As a result of the factors discussed above, the Group's profit from operations increased by 31.89% from RMB144.6 million in 1H2007 to RMB190.7 million in 1H2008. The Group's operating margin increased from 25.03% in 1H2007 to 27.53% in 1H2008. The increase in profitability is largely due to the increase in AUSP and better control of operating costs in the Group's retail segment.

Operating Expenses

Operating expenses increased from RMB276.7 million in 1H2007 to RMB349.9 million in 1H2008, an increase of 26.47%. Operating expenses consisted of distribution expenses, administrative expenses and other operating expenses. The changes in various components are summarised in the following paragraphs.

Distribution expenses

Distribution expenses increased 28.39% from RMB233.6 million in 1H2007 to RMB299.9 million in 1H2008. This increase was principally due to increases in rent and salaries and benefits. Rental expense for retail outlets increased 31.62% from RMB118.9 million in 1H2007 to RMB156.5 million in 1H2008. This increase was mainly due to an increase in retail turnover, particularly from concessions as the occupancy cost of a concession store is charged as a percentage of turnover.

Salaries and benefit expenses resulting from the retail operation increased 31.21% from RMB45.5 million in 1H2007 to RMB59.7 million in 1H2008. This increase was mainly the result of increased payments to general and retail employees, as the Group gears up for increased business activities.

Other components of distribution expenses also experienced increases. Depreciation expenses increased 21.34% from RMB14.7 million in 1H2007 to RMB17.8 million in 1H2008, mainly due to capital expenditure relating to investment into the Group's production and distribution facilities, and the continued introduction of PORTS retail stores. Advertising costs increased 18.82% from RMB19.1 million in 1H2007 to RMB22.7 million in 1H2008.

This increase is due to the Group's continued investment into building the PORTS and BMW Lifestyle brands, and remained consistent with historical levels at 4.06% of retail turnover. Store and mall expenses also increased 35.67% from RMB14.3 million in 1H2007 to RMB19.4 million in 1H2008, mainly due to renovations to upgrade existing department store concessions and mall locations.

Administrative expenses

Administrative expenses increased 8.89% from RMB21.9 million in 1H2007 to RMB23.8 million in 1H2008. This was mainly due to an increase in administrative salaries and benefits (including share based payments), the largest category of administrative expense, which increased by 6.67% from RMB13.5 million in 1H2007 to RMB14.4 million in 1H2008. This increase however, was offset by a decrease in design expenses, which are allocated to the North American operation in direct proportion to North American sales. Under the Group's design sharing agreement, an increase in the volume of business in North America in 1H2008 resulted in more design costs being allocated to the North American operations.

Other operating expenses

Other operating expenses increased 23.49% from RMB21.3 million in 1H2007 to RMB26.3 million in 1H2008. This increase was mainly due to an increase in stock provisions, from RMB21.3 million in 1H2007 to RMB23.9 million in 1H2008.

Net Finance Income

Net Finance Income increased from RMB4.3 million in 1H2007 to RMB11.5 million in 1H2008, an increase of 168.96%. In 1H2008, the Group reported an RMB9.24 million net foreign exchange income compared to RMB2.0 million net foreign exchange loss in 1H2007. The Group is taking steps to minimise the impact of the appreciation of RMB against the United States dollars ("US$") by keeping most of its cash in RMB.

Income Tax

The Group's income tax expense increased by 210.79% in 1H2008, whilst the effective income tax rate increased from 4.06% of profit before tax in 1H2007 to 9.29% of profit before tax in 1H2008. The increase in income tax expense was mainly due to the New Tax Law implemented by the PRC government.

Profit attributable to shareholders

The Group's profit attributable to shareholders increased 28.43% from RMB142.8 million in 1H2007 to RMB183.4 million in 1H2008. The Group's net profit margin increased from 24.72% in 1H2007 to 26.48% in 1H2008.

Financial Position, Liquidity and Gearing Ratio

The Group continues to be in a strong financial position, with significant cash and cash equivalents. As at 30 June 2008, the Group had approximately RMB671.8 million in cash and cash equivalents and fixed deposits with major banks, compared with RMB526.2 million as at 31 December 2007. The Group also had access to significant bank loans and overdraft facilities, and had outstanding interest-bearing borrowings of RMB356.1 million as at 30 June 2008. As at this date, the Group's gearing ratio was 23.32%, based on outstanding interest-bearing borrowings and total assets of approximately RMB1,527.2 million. The Group's gearing ratio was 18.23% as at 31 December 2007. As at 30 June 2008, the current ratio was 2.49, based on current assets of RMB1,350.1 million and current liabilities of RMB541.2 million.

Acquisitions & Disposals of Subsidiaries & Associated Companies

The Group did not engage in any material acquisitions or disposals of any subsidiaries or associated companies in the six months ended 30 June 2008.

Currency Risk Management

The Group's cash balances and cash generated from normal business operations are mainly deposited in RMB with major Chinese banks, with a small amount in Hong Kong dollars ("HK$"), US$ and the European Union common currency ("Euro") being deposited with other major international banks in China and Hong Kong. The Group continues to minimize net foreign exchange losses by reducing foreign currency reserves, and increasing RMB reserves. The Management anticipates the continued appreciation of the RMB, which may potentially increase the Group's purchasing power for raw materials sourced outside China. In 1H2008, the Group reported an RMB9.24 million net foreign exchange income compared to RMB2.0 million net foreign exchange loss in 1H2007. The Group does not engage in any currency hedging activities as it considers its risk exposure to currency fluctuations to be acceptable. The Group's cost base is mainly denominated in RMB with some Euro and US$ exposure from raw materials purchased in Europe. Exposure to the fluctuations of the Euro and US$ is balanced by the receipt of Euros from exports of BMW Lifestyle apparel to BMW in Germany, and the receipt of US$ from OEM customers in the USA. Currently, revenue from operations is denominated mainly in RMB with some minor Euro and US$ exposure. In the future, the Group plans to increase the RMB component of cash holdings, thus minimizing the losses due to foreign currency fluctuations and maximizing the benefits from the continued appreciation of the RMB.

Capital Commitments & Contingent Liabilities

As at 30 June 2008, the Group had no capital commitments contracted for, and capital commitments of RMB71.5 million, which had been authorized but not contracted for. The Group had no contingent liabilities as at 30 June 2008.

Capital Structure of the Group

The Group requires working capital to support its manufacturing, Retail, OEM and Other operations. In the past, the Group financed its working capital needs principally through net cash inflows from operating activities and from short-term interest-bearing borrowings. The initial public offering of the Group's shares on 31 October 2003 provided an additional source of working capital. As at 30 June 2008, the Group had cash and cash equivalents and fixed deposits of RMB671.8 million, denominated principally in RMB, HK$, US$ and Euro, representing an increase of 27.68% from 31 December 2007. Net cash inflows from operating activities increased 22.91% to RMB184.7 million in 1H2008, as compared to RMB150.3 million for the same period in 2007. The Group currently has outstanding interest-bearing debt obligations of RMB356.1 million.

Charges on Assets

As at 30 June 2008, the Group had not charged any of its assets.

Human Resources

As at 30 June 2008, the Group had approximately 5,210 employees. Total personnel expenses, comprising wages, salaries and benefits, amounted to RMB115.1 million in the first half of 2008, compared to RMB94.9 million for the same period in 2007.

Post-Balance Sheet Date Developments

After the balance sheet date, the Directors have declared an interim dividend of RMB0.21 per share based on 560,768,801 ordinary shares in issue as at 30 June 2008, amounting in aggregate to RMB117.8 million to be paid on 31 October 2008 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on 29 September 2008.

Significant Events

There were no significant events in the first half of 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2008, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold, any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee, which comprises three independent non-executive directors: Rodney Cone, Valarie Fong, and Lara Lai, has reviewed the interim financial report of the Company and the auditor's review report for the six months ended 30 June 2008 and submitted its views to the Board of Directors. The Audit Committee has also endorsed the accounting treatment adopted by the Company.

The interim financial report for the six months ended 30 June 2008 is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. The unmodified review report issued by KPMG is included in the interim report to be sent to shareholders.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited "the Listing Rules" throughout the first half of 2008.

The Company has adopted the Model Code for securities transactions by Directors of Listed Issuers the "Model Code" as set out in Appendix 10 to the Listing Rules. The Company has made specific inquiry of all directors regarding non-compliance with the Model Code for the period ended 30 June 2008, and they have all confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' security transactions.

PORTS DESIGN LIMITED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

REVIEW REPORT
TO THE BOARD OF DIRECTORS OF PORTS DESIGN LIMITED
for the six months ended 30 June 2008

KPMG

Introduction

We have reviewed the interim financial report set out on pages 21 to 34 which comprises the consolidated balance sheet of Ports Design Limited as of 30 June 2008 and the related consolidated income statement, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim financial reporting" issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim financial reporting".

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
26 August 2008

CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2008 (unaudited)
(Expressed in thousands of Renminbi, except share and per share data)

	Note	*Six months ended 30 June* 2008 RMB'000	2007 RMB'000
Turnover	2	692,558	577,620
Cost of sales		(158,951)	(163,911)
Gross profit		533,607	413,709
Other operating income		6,999	7,558
Distribution expenses		(299,859)	(233,559)
Administrative expenses		(23,810)	(21,867)
Other operating expenses		(26,274)	(21,276)
Profit from operations		190,663	144,565
Net finance income		11,533	4,288
Profit before taxation	2,3	202,196	148,853
Taxation	4	(18,778)	(6,042)
Profit for the period-attributable to equity shareholders of the Company		183,418	142,811
Dividends payable to equity shareholders of the Company	5		
- Interim dividend proposed after the balance sheet date		117,761	88,623
Earnings per share (RMB)			
-Basic	6	0.33	0.26
-Diluted	6	0.32	0.25

The notes on pages 25 to 34 form part of this unaudited interim financial report.

CONSOLIDATED BALANCE SHEET
As at 30 June 2008 (unaudited)
(Expressed in thousands of Renminbi, except share and per share data)

	Note	At 30 June 2008 RMB'000	At 31 December 2007 RMB'000
Non-current assets			
Lease prepayments		6,468	6,554
Property, plant and equipment	8	161,519	163,577
Deferred tax assets		9,100	5,067
Total non-current assets		177,087	175,198
Current assets			
Inventories	9	393,219	349,233
Trade and other receivables, deposits and prepayments	10	285,032	310,698
Fixed deposits with banks		435,470	230,000
Cash and cash equivalents	12	236,355	296,174
Total current assets		1,350,076	1,186,105
Current liabilities			
Trade payables, other payables and accruals	13	168,193	182,904
Interest-bearing borrowings	14	356,076	248,146
Income tax payable		16,935	1,215
Total current liabilities		541,204	432,265
Net current assets		808,872	753,840
Total assets less current liabilities		985,959	929,038
Capital and reserves			
Share capital	15	1,486	1,481
Reserves		984,473	927,557
Total equity-attributable to equity shareholders of the Company		985,959	929,038

Approved and authorised for issue by the board of directors on 26 August 2008.

Alfred Chan Kai Tai
Chief Executive Officer

Pierre Frank Bourque
Executive Vice President

The notes on pages 25 to 34 form part of this unaudited interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2008 (unaudited)
(Expressed in thousands of Renminbi, except share and per share data)

	Six months ended 30 June	
	2008 RMB'000	*2007 RMB'000*
Net cash from operating activities	184,681	150,262
Net cash used in investing activities	(216,616)	(28,445)
Net cash used in financing activities	(27,884)	(12,732)
Net (decrease)/increase in cash and cash equivalents	(59,819)	109,085
Cash and cash equivalents at 1 January	296,174	312,354
Cash and cash equivalents at 30 June	236,355	421,439

The notes on pages 25 to 34 form part of this unaudited interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2008 (unaudited)
(Expressed in thousands of Renminbi, except share and per share data)

	Share capital RMB'000	Capital reserve - staff shares options issued (undistributable) RMB'000	Capital reserve RMB'000	Share premium RMB'000	General reserve fund RMB'000	Enterprise expansion fund RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2007	1,457	12,560	63,159	333,670	88,147	9,868	404,901	913,762
Dividends to equity holders	-	-	-	-	-	-	(94,118)	(94,118)
Shares issued under share option scheme	13	(3,082)	-	16,213	-	-	-	13,144
Equity settled share-based transaction	-	10,537	-	-	-	-	-	10,537
Profit for the period	-	-	-	-	-	-	142,811	142,811
Balance at 30 June 2007	1,470	20,015	63,159	349,883	88,147	9,868	453,594	986,136
At 1 January 2008	1,481	19,664	63,159	407,532	101,744	9,868	325,590	929,038
Dividends to equity holders	-	-	-	-	-	-	(150,971)	(150,971)
Shares issued under share option scheme	5	(4,533)	-	23,165	-	-	-	18,637
Equity settled share-based transaction	-	5,837	-	-	-	-	-	5,837
Profit for the period	-	-	-	-	-	-	183,418	183,418
Balance at 30 June 2008	1,486	20,968	63,159	430,697	101,744	9,868	358,037	985,959

The notes on pages 25 to 34 form part of this unaudited interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
for the six months ended 30 June 2008
(Expressed in thousands of Renminbi, except share and per share data)

1. **Basis of preparation**

Ports Design Limited is a company incorporated in Bermuda with limited liability. The interim financial report of the Company for the six months ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the "Group").

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34 "Interim financial reporting" adopted by the International Accounting Standards Board ("IASB").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements. The interim financial report does not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2007.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. KPMG's review report to the Board of Directors is included on page 20.

The financial information relating to the financial year ended 31 December 2007 included in the interim financial report does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2007 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2008.

(Expressed in thousands of Renminbi, except share and per share data)

2. Segment information

Segment information is presented in respect of the Group's business and geographical segments. Business segment is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises two principal business segments which are retail and original equipment manufacturer ("OEM") respectively.

	Six months ended 30 June	
	2008	*2007*
	RMB'000	*RMB'000*
Turnover		
Retail	607,643	471,232
OEM	50,236	71,067
Unallocated	34,679	35,321
Total	692,558	577,620
Segment result		
Retail	205,658	146,768
OEM	1,227	5,729
Total	206,885	152,497
Unallocated operating income and expenses	(16,222)	(7,932)
Profit from operations	190,663	144,565
Net finance income	11,533	4,288
Income tax	(18,778)	(6,042)
Profit for the period	183,418	142,811

Geographical segments

The Group's business is managed on a worldwide basis, but participates in three principal geographical areas, the People's Republic of China ("the PRC"), North America and Europe. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Turnover		
the PRC	607,644	471,232
North America	59,517	81,463
Europe	25,397	24,925
Total	692,558	577,620

3. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2008	*2007*
	RMB'000	*RMB'000*
Interest expense on bank advances repayable within five years	4,436	341
Cost of inventories (note 9)	182,891	185,188
(Gain)/loss on disposal of property, plant and equipment	(145)	84
Depreciation		
- owned fixed assets	22,346	20,706
- leased fixed assets	136	136
Amortisation		
- lease prepayments	86	86
Operating leases charges in respect of properties		
- minimum lease payments	37,804	28,463
- contingent rents	115,409	90,421

4. Taxation

Taxation represents:

	Six months ended 30 June	
	2008	*2007*
	RMB'000	*RMB'000*
Provision for PRC income tax for the period	22,811	22,171
Income tax refund	-	(14,082)
	22,811	8,089
Changes in deferred taxes	(4,033)	(2,047)
	18,778	6,042

Pursuant to the rules and regulations of the Bermuda, the Company is not subject to any income tax in Bermuda. Also, certain subsidiaries located in foreign jurisdictions are not subject to any income tax in their local jurisdictions.

Provision for Hong Kong Profit Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits of subsidiaries in Hong Kong. No provision has been made for Hong Kong Profits Tax during the six months ended 30 June 2008 and 2007 as those subsidiaries did not earn any assessable income for Hong Kong profit tax purposes.

A majority of the subsidiaries in the PRC ("PRC subsidiaries") are located within special economic zones in the PRC and are subject to preferential PRC Enterprise income tax of 15% pursuant to the income tax rules and regulations of the PRC concerning foreign investment and foreign enterprises (the "FEIT Law"). In addition, all the PRC subsidiaries are entitled to a tax holiday of a tax-free period for two years from their first profit-making year of operations and thereafter, they are eligible for a 50% reduction of the applicable income tax rate for the following three years. Up to 30 June 2008, certain PRC subsidiaries are still within the tax holiday period granted under the FEIT Law.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC (the "New Tax Law"). According to the New Tax Law, the new enterprise income tax rate for all companies in the PRC are unified at 25% effective from 1 January 2008 when the FEIT Law was ended. In addition, pursuant to the transitional arrangement under the New Tax Law, the income tax rate applicable to the PRC subsidiaries will only be gradually increased from the existing rate of 15% to the unified rate of 25% over a 5-year transition period. The PRC subsidiaries will also continue to enjoy the tax-exemption or 50% reduction on the applicable income tax rate under the New Tax Law until the expiry of the above-mentioned tax holiday previously granted under the FEIT Law, and thereafter they are subject to the unified rate of 25%.

Pursuant to the New Tax Law, 5% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. As at 30 June 2008, temporary differences relating to the undistributed profits of PRC subsidiaries amounted to RMB 203,988 thousand (31 December 2007: nil). Deferred tax liabilities of RMB 10,199 thousand (31 December 2007: nil) have not been recognized in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

5. Dividends

(a) Dividends payable to the equity shareholders of the Company attributable to the period

	Six months ended 30 June	
	2008	*2007*
	RMB'000	*RMB'000*
Interim dividend proposed after the balance sheet date of RMB 0.21 per share (2007: RMB0.16 per share)	117,761	88,623

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date. The calculation of proposed interim dividend is based on 560,768,801 ordinary shares in issue as at 30 June 2008 (2007: 553,896,351 ordinary shares).

(b) Dividends payable to the equity shareholders of the Company attributable to the previous financial year, approved during the period

	Six months ended 30 June	
	2008	*2007*
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the period, of RMB0.27 per share (2007: RMB0.17 per share)	150,971	94,118

In respect of the final dividend for the year ended 31 December 2007, there was a difference of RMB 114 thousand between the final dividend proposed in the 2007 annual report and the amount eventually approved and paid during the six months ended 30 June 2008. The difference represents additional dividend distributed to the holders of shares which were issued upon the exercise of share options before the closing date of the register of members based on which the final dividends for the year ended 31 December 2007 were actually paid.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in thousands of Renminbi, except share and per share data)

6. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2008 is based on the profit attributable to shareholders of RMB 183,418 thousand (2007: RMB 142,811 thousand) and the weighted average number of 559,648,821 (2007: 552,176,242) ordinary shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2008 is based on the profit attributable to shareholders of RMB 183,418 thousand (2007: RMB 142,811 thousand) and the weighted average number of 566,680,678 (2007: 566,050,733) ordinary shares in issue after adjusting for the effect of all dilutive potential ordinary shares under the Company's share option scheme.

(c) Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2008	*2007*
	Number of shares	*Number of shares*
Weighted average number of ordinary shares at 30 June	559,648,821	552,176,242
Effect of deemed issue of shares under the Company's share option scheme for nil consideration (note 16)	7,031,857	13,874,491
Weighted average number of ordinary shares (diluted) at 30 June	566,680,678	566,050,733

7. Related party transactions

(a) Transactions with parent companies and fellow subsidiaries

Particulars of significant transactions between the Group and the related parties for the period ended 30 June 2008 and 2007 are as follows:

	Six months ended 30 June	
	2008	*2007*
	RMB'000	*RMB'000*
Sales of goods to:		
Ports International Retail Corporation	7,485	14,570
Interest-free advances to:		
Ports International Enterprises Limited	11,722	-
Ports International Retail Corporation	14,911	-
Interest-free advances repaid by:		
Ports International Enterprises Limited	22,619	-

(Expressed in thousands of Renminbi, except share and per share data)

Expenses paid by the Group on behalf of:		
Ports International Retail Corporation	7,065	-
Ports International Group Limited	1,304	-
CFS International Inc	785	-
Expenses re-imbursement made from:		
Ports International Retail Corporation	5,590	-
Rental fee charged by:		
PCD Stores (Group) Limited	8,623	-

(b) Transactions with key management personnel

	Six months ended 30 June	
	2008	*2007*
	RMB'000	*RMB'000*
Short-term employee benefits	1,142	794
Equity compensation benefits	29	53

(c) The Group participates in a defined contribution plan managed by the local government authorities of Xiamen for its employees employed in the PRC and also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

The Group's contributions to these post-employment benefit plans amounted to RMB 3,553 thousand for the six-month period ended 30 June 2008 (six-month period ended 30 June 2007: RMB 2,837 thousand).

As at 30 June 2008 and 31 December 2007, there was no material outstanding contribution to post-employment benefit plans.

8. Property, plant and equipment

	2008	*2007*
	RMB'000	*RMB'000*
Cost:		
Balance at 1 January	291,546	243,093
Acquisitions for the period/year	20,537	54,920
Disposals for the period/year	(5,864)	(6,467)
Balance at 30 June/31 December	306,219	291,546
Depreciation:		
Balance at 1 January	127,969	88,701
Depreciation charge for the period/year	22,482	45,155
Disposals for the period/year	(5,751)	(5,887)
Balance at 30 June/31 December	144,700	127,969
Net book value:		
At 30 June/31 December	161,519	163,577

9. Inventories

Inventories comprise:

	30 June 2008	*31 December 2007*
	RMB'000	*RMB'000*
Raw materials	107,189	88,270
Work in progress	42,406	33,423
Finished goods	242,204	226,046
Goods in transit	1,420	1,494
	393,219	349,233

The analysis of the amount of inventories recognized as an expense is as follows:

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
Cost of goods sold	158,951	163,911
Stock provision	23,940	21,277
	182,891	185,188

10. Trade and other receivables, deposits and prepayments

	30 June 2008	*31 December 2007*
	RMB'000	*RMB'000*
Accounts receivable	136,699	174,671
Amounts due from related companies (note 11)	59,220	44,983
Advances to suppliers	9,945	11,269
Other receivables, deposits and prepayments	79,168	79,775
	285,032	310,698

An ageing analysis of accounts receivable (net of provisions for bad and doubtful debts) is as follows:

	30 June 2008	*31 December 2007*
	RMB'000	*RMB'000*
Current	108,601	148,949
Less than 1 month past due	14,187	10,628
1-3 months past due	9,621	11,530
Over 3 months but less than 12 months past due	4,290	3,564
Amounts past due	28,098	25,722
	136,699	174,671

Customers are normally granted credit terms of 0 to 90 days, depending on the credit worthiness of individual customers.

11. Amounts due from related companies

	30 June 2008 RMB'000	31 December 2007 RMB'000
Amounts due from		
Ports International Retail Corporation	43,228	19,357
Ports International Enterprises Limited	7,466	18,363
PCD Stores (Group) Limited	6,437	7,263
Ports International Group Limited	1,304	-
CFS International Inc	785	-
	59,220	44,983

The amounts due from related companies are unsecured, interest free and repayable on demand.

12. Cash and cash equivalents

An analysis of the balance of cash and cash equivalents is set out below:

	30 June 2008 RMB'000	31 December 2007 RMB'000
Cash at bank and on hand	175,205	138,694
Time deposits with banks	61,150	157,480
	236,355	296,174

Time deposits with banks included in cash and cash equivalents are within three months of maturity at acquisition.

13. Trade payables, other payables and accruals

	30 June 2008 RMB'000	31 December 2007 RMB'000
Bills payable	-	251
Accounts payable	75,323	73,625
Other creditors and accruals	92,870	109,028
	168,193	182,904

An ageing analysis of accounts payable is as follows:

	30 June 2008 RMB'000	31 December 2007 RMB'000
Due within 1 month or on demand	43,557	43,881
Due after 1 month but within 3 months	20,939	20,264
Due after 3 month but within 6 months	9,998	9,258
Due after 6 month but within 12 months	829	222
	75,323	73,625

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in thousands of Renminbi, except share and per share data)

14. Interest-bearing borrowings

During the six months ended 30 June 2008, the Group drew down additional loans of HK$ 140,000 thousand from the revolving loan facilities previously granted by banks in 2007. As at 30 June 2008, the Group was granted banking facilities of HK$ 425,000 thousand in total of which HK$ 405,000 thousand were utilized by the Group.

As at 30 June 2008, banking facilities of HK$ 155,000 thousand (31 December 2007: HK$ 75,000 thousand) were secured by fixed deposits of RMB 150,336 thousand (31 December 2007: RMB 80,000 thousand) placed with banks located in the PRC.

15. Share capital

During the six months ended 30 June 2008, 2,040,677 ordinary shares of HK$ 0.0025 each of the Company were issued for a total cash consideration of HK$ 20,627 thousand (equivalent to RMB 18,637 thousand) as certain share options were exercised by the holders pursuant to the share option scheme adopted by the Company. Details of the share option scheme are disclosed in note 16.

16. Equity settled share-based transactions

In 2003, the Company adopted a share option scheme that entitles key management personnel and employees to subscribe for shares in the Company. The terms and conditions of the share option scheme are disclosed in the consolidated financial statements for the year ended 31 December 2007.

A summary of option movements for the six months ended 30 June 2008 is presented below:

	Six months ended 30 June 2008		Year ended 31 December 2007	
	Weighted average exercise price	Number of shares involved in the options	Weighted average exercise price	Number of shares involved in the options
At beginning of period/year	HK$10.115	14,086,434	HK$8.652	24,038,240
Exercised	HK$10.108	(2,040,677)	HK$6.547	(9,883,828)
Cancelled	HK$11.68	(35,912)	HK$11.68	(67,978)
Outstanding at end of period/year	HK$10.111	12,009,845	HK$10.115	14,086,434
Exercisable at the end of period/year	HK$5.634	3,116,493	HK$5.327	3,470,784

During the six months ended 30 June 2008, one of the Company's directors exercised options relating to the share option granted on 3 November 2003 to subscribe for 80,000 ordinary shares of the Company (2007: 100,000).

Details of share options exercised during the six months ended 30 June 2008 are as follows:

Grant date	Exercise price	Weighted average closing price per share of the share options exercised	Proceeds received	Number of shares involved in the options
3 November 2003	HK$2.625	HK$25.88	HK$929,959	354,270
1 September 2006	HK$11.68	HK$25.66	HK$19,697,234	1,686,407

(Expressed in thousands of Renminbi, except share and per share data)

17. Commitments

(a) Operating leases commitments

Non-cancellable operating lease rentals are payable as follows:

	30 June 2008 *RMB'000*	*31 December 2007* *RMB'000*
Less than one year	59,832	51,664
Between one and five years	96,455	101,657
More than five years	1,698	2,930
	157,985	156,251

The leases run for an initial period of one to five years, with an option to renew the lease when all terms are renegotiated. In addition to the minimum rental payments disclosed above, the Group has a commitment to pay rent of a proportion of turnover for certain leased properties. Contingent rentals are not included in the above commitments as it is not possible to estimate the amounts which may be payable.

(b) Capital commitments

Capital commitments in respect of purchases of property, plant and equipment outstanding at 30 June 2008 and 31 December 2007 but not provided for in the interim financial report were as follows:

	30 June 2008 *RMB'000*	*31 December 2007* *RMB'000*
Contracted for	-	1,877
Authorised but not contracted for	71,500	66,500
	71,500	68,377

18. Subsequent event

After the balance sheet date, the directors proposed an interim dividend on 26 August 2008. Further details are disclosed in note 5.

OTHER INFORMATION

The Directors submit their interim report together with the unaudited financial results of PORTS DESIGN LIMITED ("PORTS" or the "Company") and its subsidiaries (together with the Company, the "Group") for the six months ended 30 June 2008.

Interim Dividend and Closure of Register of Members

The earnings for the Group for the six months ended 30 June 2008 are RMB183.4 million. The Directors have declared an interim dividend of RMB0.21 per share for the six months ended 30 June 2008, totaling RMB117.8 million based on 560,768,801 ordinary shares in issue as at 30 June 2008.

The interim dividend will be payable on 31 October 2008 to shareholders whose names appear on the register of members of the Company on 29 September 2008. The register of members will be closed from 23 September 2008 to 29 September 2008, both days inclusive, during which period no transfer of shares can be effected.

In order to qualify for the above dividend, all transfers of shares accompanied by the requisite share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong,Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:00 p.m. on 22 September 2008.

Directors

The Directors of PORTS during the six months ended 30 June 2008 were:

Executive Directors	**Non-Executive Directors**	**Independent Non-Executive Directors**
Mr. Edward Tan Han Kiat	Ms. Julie Ann Enfield	Mr. Rodney Ray Cone
Mr. Alfred Chan Kai Tai		Ms. Valarie Fong Wei Lynn
Mr. Pierre Frank Bourque		Ms. Lara Magno Lai

Directors' and Chief Executives Officer's Interests and Short Positions

As at 30 June 2008, the interests and short positions of each Director or chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations of the Company (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, are as follows:

(i) Shares of the Company of HK$0.0025 each ("Shares")

	Personal Interest	Corporate Interest[3]	Total Interest[3]	Percentage of total issued shares
Mr. Edward Tan Han Kiat (Note 1)		223,600,000 (L)	223,600,000 (L)	39.87%(L)
	0	27,394,000 (S)	27,394,000 (S)	4.89%(S)
Mr. Alfred Chan Kai Tai (Note 1)		223,600,000 (L)	223,600,000 (L)	39.87%(L)
	0	27,394,000 (S)	27,394,000 (S)	4.89%(S)
Mr. Pierre Frank Bourque	80,000(L)[2]	0	80,000(L)	0.01%(L)
Mr. Rodney Ray Cone	60,000(L)[2]	0	60,000(L)	0.01%(L)
Ms. Valarie Fong Wei Lynn	60,000(L)[2]	0	60,000(L)	0.01%(L)

Note 1: A long position of 600,000 Shares are owned by Ports International Enterprises Limited ("PIEL"), the issued share capital of which is owned as to 50% by Mr. Tan and Mr. Chan respectively. PIEL also holds a short position of 27,394,000 shares. 223,000,000 Shares are owned by CFS International Inc. ("CFS"), a direct subsidiary of PIEL. Mr. Tan and Mr. Chan are deemed to be interested in 39.87% of the issued share capital of the Company by virtue of their respective interests in PIEL pursuant to Part XV of the SFO.

Note 2: These interests represent interests in options granted by the Company under its share option scheme.

Note 3: (L) - Long Position, (S) - Short Position.

(ii) Short Positions in the Shares

	Number of outstanding share options	Percentage of issued share capital
Mr. Pierre Frank Bourque	80,000	0.01%
Mr. Rodney Ray Cone	60,000	0.01%
Ms. Valarie Fong Wei Lynn	60,000	0.01%

As at 30 June 2008, other than the holdings disclosed above, no interests and short positions were held or deemed taken to be held under Part XV of the SFO by any Director or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein.

Share Options Scheme (the "Scheme")

Details of the share options outstanding as at 30 June 2008 under the Scheme were as follows:

Share options granted on 3 November 2003

	Options held at 1/1/2008	Options granted during the period	Options exercised during the period(Note 1)	Options lapsed during the period	Exercise price per option (HK$) (Note 2)	Options held at 30/6/2008	Exercisable from	Exercisable until
Mr. Edward Tan Han Kiat	0	0	0	0	N/A	0	N/A	N/A
Mr. Alfred Chan Kai Tai	0	0	0	0	N/A	0	N/A	N/A
Mr. Pierre Frank Bourque	80,000	0	80,000	0	2.625	0	3 Nov 2003	2 Nov 2013
Ms. Julie Ann Enfield	0	0	0	0	N/A	0	N/A	N/A
Mr. Rodney Ray Cone	60,000	0	0	0	2.625	60,000	3 Nov 2003	2 Nov 2013
Ms. Valarie Fong Wei Lynn	60,000	0	0	0	2.625	60,000	3 Nov 2003	2 Nov 2013
Ms. Lara Magno Lai	0	0	0	0	N/A	0	N/A	N/A
Continuous contract employees	2,235,222	0	274,270	0	2.625	1,960,952	3 Nov 2003	2 Nov 2013

Share options granted on 1 September 2006

	Options held at 1/1/2008	Options granted during the period	Options exercised during the period(Note 1)	Options lapsed during the period	Exercise price per option (HK$)	Options held at 30/6/2008	Exercisable from	Exercisable until
Mr. Edward Tan Han Kiat	0	0	0	0	N/A	0	N/A	N/A
Mr. Alfred Chan Kai Tai	0	0	0	0	N/A	0	N/A	N/A
Mr. Pierre Frank Bourque	80,000	0	0	0	11.68	80,000	1 Sep 2006	31 Aug 2016
Ms. Julie Ann Enfield	0	0	0	0	N/A	0	N/A	N/A
Mr. Rodney Ray Cone	0	0	0	0	N/A	0	N/A	N/A
Ms. Valarie Fong Wei Lynn	0	0	0	0	N/A	0	N/A	N/A
Ms. Lara Magno Lai	0	0	0	0	N/A	0	N/A	N/A
Continuous contract employees	11,571,212	0	1,686,407	35,912	11.68	9,848,893	1 Sep 2006	31 Aug 2016

Note 1: The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$25.70.

Note 2: The exercise price for each share granted in November 2003 was originally fixed at HK$10.50, but was adjusted to HK$2.625 following the 4 for 1 share split in November 2004.

On and subject to the terms of the Share Option Scheme (terms and conditions contained in this letter shall prevail in case of any inconsistencies), the Options shall only be exercisable in respect of such part thereof that has been vested in accordance with the following manner:

Fraction of the shares covered under the option	**Vesting date**
1/3	First anniversary of the offer date
1/3	Second anniversary of the offer date
1/3	Third anniversary of the offer date

The Board of Directors may in its absolute discretion relax or accelerate all or any of the above vesting periods in such manner as it may deem fit.

Substantial Shareholders

The Company has been notified that, as at 30 June 2008, persons (other than directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in Shares

Names of shareholders	*Capacity*	*Number of shares*	*Total number of shares held*	*Percentage of issued share capital*
(a) Substantial shareholders				
CFS International Inc.[1]	Beneficial Owner	223, 000,000(L)	223,000,000(L)	39.77%(L)
Ports International Enterprises Limited[1]	Beneficial Owner	600,000		
	Interest of Controlled Corporation	223,000,000(L)	223,600,000(L)	39.87%(L)
		27,394,000(S)	27,394,000(S)	4.89%(S)
(b) Other persons				
JPMorgan Chase & Co.	Investment Manager	50,465,495	50,465,495	9.00%
Baring Asset Management Limited	Investment Manager	44,172,596	44,172,596	7.88%
Northern Trust Fiduciary Services (Ireland) Limited	Investment Manager	33,117,138	33,117,138	5.91%

Notes:

1. PIEL is deemed to be interested in the 223,000,000 Shares held by CFS by virtue of PIEL's 100% interest in CFS. Please also see Note 1 to "Directors' and Chief Executives Officer's Interests and Short Positions" above.

Save as disclosed above, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company as at 30 June 2008 as recorded in the register required to be kept under section 336 of the SFO.

Directors' Interests in Contracts of Significance

There were no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, during the six months ended 30 June 2008.

Purchase, Sale or Redemption of Group's Listed Securities

During the six months ended 30 June 2008, the Company has not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

Pre-emptive Rights

There is no provision regarding pre-emptive rights under the Bye-Laws of the Company and the laws of Bermuda.

Retirement Scheme

The Group participates in the Pension Plan benefit scheme mandated by the PRC government for its employees based in the PRC and the Mandatory Provident Plan mandated by the Hong Kong Government for its employees in Hong Kong.

Pledging of shares by controlling shareholders

The controlling shareholder of the Company has not pledged any of its interests in shares of the Group to any third-party.

Statement of Sufficiency of Public Interest

As at 26 August 2008, based on the information publicly available to the Company and within the knowledge of the Directors, 60.13% of the Shares were publicly held.

On Behalf of the Board
Edward Tan Han Kiat
Chairman

26 August 2008
Xiamen, China

LISTING INFORMATION

Share Listing

The Company's shares are listed on The Stock Exchange of Hong Kong Limited

Stock Code

The Stock Exchange of Hong Kong Limited: 589
Bloomberg: 589 HK
Reuters: 0589.HK

Price History

2008	PER SHARE		
MONTH	High(HK$)	Low(HK$)	Total Volume
January	31.50	21.70	34,769,248
February	24.75	21.25	21,108,513
March	28.00	15.26	27,302,923
April	26.00	19.80	35,724,067
May	26.10	23.60	20,695,897
June	24.40	19.86	22,551,505
July	22.50	18.88	35,460,668
August	23.80	18.86	34,637,736

Board of Directors

Edward Han Kiat Tan*, *Chairman*
Alfred Kai Tan Chan*, *Chief Executive & Managing Director*
Pierre Frank Bourque*, *Executive Vice President*
Julie Ann Enfield, *Non-executive Director*
Rodney Ray Cone, *Independent Non-executive Director*
Valarie Wei Lynn Fong, *Independent Non-executive Director*
Lara Magno Lai, *Independent Non-executive Director*
* *Executive Director*

Company Secretary

Irene Fung Mei Wong

Compliance Officer

Valarie Wei Lynn Fong

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Bankers

Hong Kong & Shanghai Banking Corporation Limited, Xiamen Branch
Ground Floor, The Bank Centre
189 Xiahe Road
Xiamen Fujian PRC

Bank of China (Hong Kong) Limited
International Finance Centre Branch
One Harbour View Street
Central Hong Kong

Principal Place of Business in Hong Kong

Suite 102, Sunbeam Center
27 Shing Yip Street
Kwun Tong
Kowloon, Hong Kong

Auditors

KPMG
8th Floor, Prince's Building
10 Chater Road
Central Hong Kong

Corporate Counsel

Norton Rose
38th Floor, Jardine House
One Connaught Place
Central Hong Kong

Registrar & Transfer Offices

Principal:
Reid Management Limited
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Hong Kong Branch:
Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Center
183 Queen's Road East
Hong Kong

On Behalf of the Board
Edward Tan Han Kiat
Chairman

26 August 2008
Xiamen, China


BMW Lifestyle
Sheer
Driving Pleasure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Sheer
Driving Pleasure