PORTS
1961

寶姿時裝有限公司*

(股票代碼：0589)

二零零九年中期報告

* 僅供識別

PORTS DESIGN LIMITED INTERIM REPORT 2009 寶姿時裝有限公司* 二零零九年中期報告

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PORTS DESIGN LIMITED

(Stock code: 0589)

INTERIM REPORT 2009

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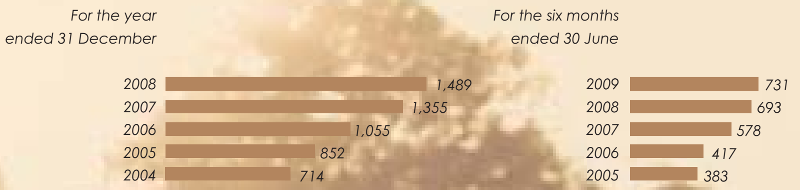
FINANCIAL HIGHLIGHTS

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

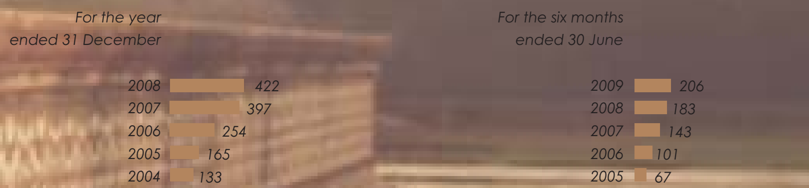
	For the six months ended 30 June		*For the year ended 31 December*				
	2009	*2008*	*2008*	*2007*	*2006*	*2005*	*2004*
Results							
Turnover	731	693	1,489	1,355	1,055	852	714
Profit from operations	236	191	454	376	280	186	142
Profit attributable to shareholders	206	183	422	397	254	165	133
Assets and liabilities							
Non-current assets	215	177	206	175	172	154	104
Current assets	1,830	1,350	1,684	1,186	968	758	718
Current liabilities	722	541	778	432	226	152	146
Net current assets	1,108	809	906	754	742	606	572
Total assets less current liabilities	1,323	986	1,112	929	914	760	677
Non-current liabilities	1	-	-	-	-	-	-
Shareholders' Equity	1,322	986	1,112	929	914	760	677

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 illustrates an interim dividend of RMB 0.24 per share, totaling RMB134.7 million declared for the period ended 30 June 2009.*

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 Mainland China, Hong Kong and Macau, 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 Mainland 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 Mainland China, including, among others, Beijing, Shanghai, Chongqing, Shenzhen, Wuhan, Xi'an and Dalian. As at 30 June 2009, 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 and a flagship boutique in Macau, located at the Shoppes at the Four Seasons.

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 has been renewed for a term of five years and upon expiry will be subject to further renewal upon mutual agreement. The right to market BMW Lifestyle products in Mainland China, other than in BMW car dealer showrooms, is exclusive to the Group during the term of the license. As at 30 June 2009, the Group operated 42 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 mainly comprises the PORTS and BMW Lifestyle retail business, "OEM", which comprises exports to North America and Europe, and "Others" which comprises mainly of exports of BMW Lifestyle goods to North America and Europe, and the wholesale of PORTS goods.

CHAIRMAN'S STATEMENT

In 1H2009, Ports Design Limited together with its subsidiaries (the "Group") recorded stable revenue growth and increased profitability. Turnover for the Group reached RMB731.0 million during the first half of 2009 ("1H2009"), a 5.55% increase over the first half of 2008 ("1H2008"). Profit from operations increased to RMB236.1 million, an increase of 23.86% over the same period in 2008, and net profits reached RMB206.4 million, a 12.56% increase over 1H2008.

The Retail segment posted revenue of RMB669.7 million, and our Management view this as acceptable performance in view of the financial crisis that has affected all aspects of the economy. Retail segment continued to dominate the Group's overall turnover by contributing over 91.61% to the Group's turnover, compared to 87.74% in 1H2008 and recording 10.21% growth in 1H2009 over 1H2008. However, owing to the general decline in global economic conditions, the demand from affected U.S. and E.E.C. economies contracted, leading to our decline of 28.92% and 26.09% in the turnover of export-driven OEM and Others segments respectively for 1H2009 over 1H2008.

The Group's gross profit rose to RMB595.8 million, an increase of 11.65% over the same period in 2008, and the gross profit margin rose from 77.05% in 1H2008 to 81.50% in 1H2009, reflecting the positive impact from the change in the business mix and greater contribution from the Retail business, which accounted for 96.86% of the Group's gross profit in 1H2009 (up from 95.76% of the total in 1H2008). The Retail segment's gross profit is RMB577.1 million, an increase of 12.93% from the previous period, and the Retail gross profit margin rose from 84.09% in 1H2008 to 86.17% in 1H2009 due to an increase of the average unit selling price ("AUSP") and the contribution of higher retail gross profit margin sales from the outlet mall stores (where the cost of sales for the aged inventory shipped to the outlet mall stores has been written down significantly according to the Group's overall inventory provision policy).

The growth in Retail turnover for 1H2009 is at a more muted rate compared with past seasons, due mainly to the financial crisis that has affected the global economy. The Chinese economy was also affected, but albeit to a lesser extent. In addition, the Group's constant and consistent efforts to move the PORTS brand upmarket have been fruitful, allowing the Group to successfully execute price increases season over season, thus contributing to continuous improvement in the retail gross profit margin. As at 30 June 2009, the store count was 372, and in particular during uncertain economic environment, the Management remains selective in new store openings and efforts are focused to improve operating efficiencies at the store-level and selective investments in flagship and outlet mall stores. The financial crisis appears to be easing, and so the opening of new stores will accelerate in the second half of 2009 ("2H2009").

Based on the Group's long term strategy to develop a multi-brand portfolio, the Company now operates five brands, each with a clear and distinct market positioning reflecting their respective histories and identity. Both PORTS and BMW Lifestyle have made strong progress in terms of its positioning and profitability. The Armani, Vivienne Tam, and Ferrari business are expected to be profitable after the initial trial stage.

In 1H2009, the PORTS brand continued to receive critical acclaim from the global fashion media with the unveiling of the PORTS 1961 Fall 2009 collection during New York Fashion Week in February 2009. The collection was inspired by "the Mughal Courts" and is a continuing tribute to the brand's iconic travel theme to exotic countries. The Group remains focused on promoting the PORTS brand's media visibility and attractiveness whilst maintaining a premium high-end market positioning. The Management is pleased to report that many international celebrities were seen wearing PORTS, including Eva Longoria Parker during a reception at the White House hosted by President Obama, and Megan Fox during the premiere of her blockbuster film "Transformers: The Revenge of the Fallen."

At the same time, the Group is also focused on consolidating the progress achieved in the last few years by the BMW Lifestyle brand with further product developments. These developments will include non-apparel products such as leather goods, eyewear and watches. The new non-apparel items have been increasingly well received. The Group will continue to enhance all product lines and invest in the development of the brand.

Subsequent to the successful launch of the Group's Armani distribution business by opening the first Armani Collezioni store in Xiamen in last October, the Group continued to expand the distribution points in 1H2009 to include three additional Armani stores. In relation to the Vivienne Tam business, we made a modest entry into the PRC market with three new stores in 1H2009. Marketing efforts were also made to promote the Vivienne Tam brand in the PRC market. A notable charity event was held in January 2009 in Beijing, where the Vivienne Tam Panda-inspired collection was received with enthusiasm by the media and provided a good base for the brand in terms of future expansion.

In the first quarter of 2009, the Group also signed an exclusive 15-year distribution agreement with Ferrari S.p.A., to distribute Ferrari-branded products in Mainland China and Hong Kong. During 1H2009, the Group had continued making careful planning for the actual implementation of the retail strategy in 2H2009.

As a general strategy, in response to the uncertain economic environment and limiting possible impact on the new brands, stores for the new brands have been opened very selectively. The Management is concentrating its efforts on refining the retail concept and product line for the new brands during the initial startup phase. The focus is to monitor carefully the progress achieved by the new brands in terms of its market positioning and profitability. An aggressive store opening program will commence soon after the initial trial stage.

The Directors remain pleased with the excellent quality of execution and devotion of our employees to the continued improvement of the PORTS brand, and towards the development of our entire business operations. The diligence and dedication of our employees is reflected in the continued strength of the PORTS brand name, our importance to the distribution network of department stores and malls as well as the continued strengthening of the Group's financial position. During these challenging times, the Group has implemented a salary freeze and curtailed the hiring of new employees. These strict cost control policies, seen as necessary during this very difficult period, were received with full support from the majority of our employees, and had resulted in further improvements in operating efficiencies. The profit from operations improved significantly as a result of the outstanding performance and dedication of our employees. On behalf of the Directors, I express our appreciation to all our employees who continued to help build our business in the PRC, in what we consider to be one of the most exciting markets in the world.

A LOOK FORWARD TO SECOND HALF OF 2009

During the month of August, the whole retail industry in China experienced a sustained recovery and consumer sentiments seem to be improving from 1H2009. The Management remains optimistic and expects a stable 2H2009.

For 1H2009, the Management continued execution of its corporate strategy - to accentuate its exclusive branding image by maintaining the store rationalisation programme that started three years ago. Moving into 2H2009, the Group expects the net opening of approximately 30 new stores, with a net increase in store count of approximately 5% from 383 stores as at 31 December 2008.

With the new brand additions such as Armani, Vivienne Tam and Ferrari, the Management will carefully monitor the launch of the new stores, in terms of its positioning and profitability. In a challenging environment, the Management will develop specific strategies to reinforce their market positions and gain market share.

While implementing cost control measures to deal with the current volatile market conditions, the Management is maintaining rigorous selectivity in our investments. The development of new territories in other Asian markets such as Macau, Japan and Dubai got off to a good start. Business in these markets, although modest, is slowly building.

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 fine tune customer loyalty programs. Operating margin is expected to improve through better retail store efficiency, economies of scale and the additional contribution of sales through the factory outlet channel. Expansion of the factory outlet mall stores continued at a steady pace. There were five factory outlet mall store openings during 1H2009, which brought the total number of factory outlet mall stores in the PRC to seven. Our plan is to develop the factory outlet mall channel as an alternative means to help reduce aged inventory and improve working capital for the Group.

With the continued improvements in the different areas mentioned above, plus timely execution of strong advertising campaigns, the Management is confident that the luxury positioning of the PORTS brand will enhance its ability to increase business when the economic situation improves. The combination gives a good foundation to the Group's pricing strategy. The Management expects to continue increasing the AUSP by 6% for 2H2009.

In 2H2009, if there is no real improvement in the global economic environment, we expect the turnover for OEM and Others segments to continue to experience declining rates similar to 2008, due to the contraction in demand from the affected economies.

The Group's construction of the new manufacturing facility is on-track and with expectations to start renovations by the fourth quarter of 2009, we are looking to move into the new facility by the first quarter of 2010. We are positive that the new all-in-one building will help boost productivity and the significant increases in manufacturing capacities will help to further drive the benefits derived from the economies of scale. We are looking to add a new aspect to our new facility – an outlet store.

The Directors remain positive on the long term value of the Renminbi ("RMB"), given China's continued growth prospects, and believe the RMB will appreciate versus the U.S. dollars and other foreign currencies. The Group will continue to hold most of the cash reserve in the form of RMB. However, to minimize the impact of currency fluctuations, the Group will reduce the borrowing in U.S. dollars and Hong Kong dollars in the intermediate term.

Due to PRC's tax unification program, the Group's effective income tax rate increased from 9.29% during 1H2008 to 11.03% during 1H2009. It is expected that 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. For 2H2009, the Group does not expect to receive any tax benefits. The effective income tax is expected to remain stable at approximately 13% for the full year of 2009.

The Directors remain confident about the future development of the Group's business, and have declared an interim dividend of RMB0.24 per share to our shareholders; this is an increase of 14.29% per share as compared with the same period last year. The strength of the Group and our strong financial position are furthered and the Management remains dedicated to providing an enhanced return to our shareholders.

Edward Han Kiat Tan
Chairman

27 August 2009
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 2009 was RMB731.0 million compared to RMB692.6 million for the same period in 2008, representing an increase of 5.55%. Turnover comprises three different segments: Retail, OEM and Others.

Retail Turnover

Retail turnover is generated from PORTS, BMW Lifestyle branded, and to much lesser extent, Armani and Vivienne Tam retail stores. As at 30 June 2009, there were 322 PORTS stores in China, Hong Kong and Macau, 42 BMW Lifestyle stores, four Armani stores, three Vivienne Tam stores and one MaxMara store in China. Retail turnover generated by these stores in 1H2009 was RMB669.7 million, compared to RMB607.6 million for the same period in 2008, representing an increase of 10.21%. This increase was driven mainly by an increase in number of units sold in existing stores as well as an increase in 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 reviews from independent fashion editors and critics within the global fashion industry.

OEM Turnover

Turnover for the OEM segment declined from RMB50.2 million in 1H2008 to RMB35.7 million in 1H2009, a decrease of 28.92%. The Management expects that OEM exports will continue to decrease in 2H2009, however, such will not have a meaningful impact this year.

Others Turnover

Others turnover comprises mainly turnover from the export of BMW Lifestyle apparel to the global BMW dealer network as well as to BMW Lifestyle boutiques in the U.S. and Germany and a limited amount of wholesale sales to retailers inside and outside China. Other turnover amounted to RMB25.6 million in 1H2009 compared to RMB34.7 million in 1H2008, representing a decrease of 26.09%. The weakness in the U.S. and the E.E.C. economies has negatively impacted this segment of the business, and is expected to continue into 2H2009.

Cost of sales

Cost of sales in 1H2009 amounted to RMB135.2 million, compared to RMB158.9 million in 1H2008, representing a decrease of 14.92%. This decrease was mainly due to the shift in business mix away from the OEM and Others 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 of the OEM and Others 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 11.65% from RMB533.6 million in 1H2008 to RMB595.8 million in 1H2009. The Group's gross profit margin increased from 77.05% in 1H2008 to 81.50% in 1H2009. 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 Others segments.

Retail Gross Profit

Retail gross profit increased by 12.93%, from RMB511.0 million in 1H2008 to RMB577.1 million in 1H2009, while gross margin increased from 84.09% to 86.17% over the same period. This accounts for the Group's 96.86% gross profit, compared to 95.76% in 1H2008, reflecting the impact of the decrease in the contributions from the OEM and Others segments to the overall business of the Group, and the growing importance of the Group's retail operation.

OEM Gross Profit

Gross profit of the OEM segment increased from RMB6.4 million in 1H2008 to RMB7.2 million in 1H2009, representing an increase of 11.59%. Gross profit margin for the OEM segment rose from 12.80% in 1H2008 to 20.09% in 1H2009. The increase in gross margin was mainly due to the Value Added Tax rebates granted by the Chinese government for the export industry and cost savings from the sourcing vendors due to a very competitive market place.

Others Gross Profit

Gross profit of the Others segment decreased by 28.82%, from RMB16.2 million in 1H2008 to RMB11.5 million in 1H2009. Gross profit margin also decreased from 46.70% in 1H2008 to 44.97% in 1H2009. This is due mainly to a very competitive environment as a result of the global financial crisis. The Management expects that the demand for BMW Lifestyle apparel products will continue to remain weak in 2H2009 due to the contraction in demand from the U.S. and E.E.C. economies. Market trends in the affected economies remain very uncertain and the Management does not expect the business in this segment to improve until the developed western economies improve.

Other operating income

Other operating income increased sharply by 54.41% from RMB7.0 million in 1H2008 to RMB10.8 million in 1H2009. Other operating income consists mainly of income from the Group's sunglasses licensee and store design and decoration services provided to third parties, including department stores that contain new PORTS concessions. The improvements in the prestige of our brands have resulted in significantly higher incentives offered by the PRC department store operators in the opening of new PORTS boutiques.

Profit from operations

As a result of the factors discussed above and effective cost control, the Group's profit from operations increased by 23.86% from RMB190.7 million in 1H2008 to RMB236.1 million in 1H2009. The Group's operating margin increased from 27.53% in 1H2008 to 32.31% in 1H2009. The increase in profitability is largely due to the increase in AUSP and the increased volume in the Group's Retail segment, as well as other factors discussed above.

Operating Expenses

Operating expenses increased modestly from RMB349.9 million in 1H2008 to RMB370.4 million in 1H2009, an increase of 5.85%. 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 by 7.66%, from RMB299.9 million in 1H2008 to RMB322.8 million in 1H2009. This increase was principally due to increases in rent and salaries and benefits. Rental expense for retail outlets increased by 10.29%, from RMB156.5 million in 1H2008 to RMB172.6 million in 1H2009, as the occupancy cost of most of concession stores are charged as a percentage of turnover and our Retail turnover has increased.

Salaries and benefit expenses resulting from retail operations increased by 10.10%, from RMB59.7 million in 1H2008 to RMB65.7 million in 1H2009. This increase was mainly the result of increased commission payments to the retail employees due to increased sales.

Other components of distribution expenses also experienced increases. Depreciation expenses increased by 32.27%, from RMB17.8 million in 1H2008 to RMB23.5 million in 1H2009, 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 decreased by 7.10%, from RMB22.7 million in 1H2008 to RMB21.1 million in 1H2009, demonstrating the Group's ability to enjoy increasing economies of scale with advertising expenses and lower advertising rates. The advertising rate has declined significantly as a result of the global financial crisis. Store and mall expenses increased slightly by 0.19%, to RMB19.4 million as we continue upgrading existing department store concessions and mall locations.

Administrative expenses

Administrative expenses decreased by 15.32%, from RMB23.8 million in 1H2008 to RMB20.2 million in 1H2009. This was mainly due to a decrease in business taxes and other taxes, as well as administrative salaries and benefits (including share based payments). Administrative salaries and benefits, the single largest category of administrative expenses decreased by 12.74%, from RMB14.4 million in 1H2008 to RMB12.6 million in 1H2009.

Other operating expenses

Other operating expenses increased by 4.44%, from RMB26.3 million in 1H2008 to RMB27.4 million in 1H2009. This increase was mainly due to an increase in stock provisions, from RMB23.9 million in 1H2008 to RMB27.4 million in 1H2009.

Net Finance Income

Net finance income decreased from RMB11.5 million in 1H2008 to a loss of RMB4.1 million in 1H2009, a decrease of 135.63%. In 1H2009, the Group reported a RMB1.6 million exchange loss compared to gain of RMB9.2 million in exchange income in 1H2008. This exchange loss was related to the unexpected strengthening of the United States dollars ("US$") against the Renminbi ("RMB"). The Group has US$ denominated loans and is taking steps to minimize the impact of the foreign exchange loss by lowering its borrowings.

Income Tax

The Group's income tax expense increased by 36.30%, from RMB18.8 million in 1H2008 to RMB25.6 million in 1H2009, as the effective income tax rate increased from 9.29% of profit before tax in 1H2008 to 11.03% of profit before tax in 1H2009.

Profit attributable to shareholders

The Group's profit attributable to shareholders increased by 12.56%, from RMB183.4 million in 1H2008 to RMB206.4 million in 1H2009. Net profit margin increased from 26.48% in 1H2008 to 28.24% in 1H2009.

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 2009, the Group had approximately RMB1,103.5 million in cash and cash equivalents and time deposits with major banks, compared with RMB943.6 million as at 31 December 2008. The Group also had access to significant bank loans and overdraft facilities, and had outstanding bank borrowings of RMB506.9 million as at 30 June 2009. As at this date, the Group's gearing ratio was 24.78%, based on outstanding bank debt and total assets of approximately RMB2,045.2 million. The Group's gearing ratio was 26.83% as at 31 December 2008. As at 30 June 2009, the current ratio was 2.54, based on current assets of RMB1,830.2 million and current liabilities of RMB721.7 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 2009.

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 Management anticipates the continued appreciation of the RMB, and believes the currency fluctuations recorded in the 1H2009 was temporary. The continued appreciation of RMB will potentially increase the Group's purchasing power for raw materials sourced outside China in the medium and long term basis. In 1H2009, the Group reported an RMB1.6 million exchange loss compared to RMB9.2 million exchange income in 1H2008. The reversal has impacted negatively on the Group's earnings by approximately RMB10.8 million in 1H2009. 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. The Company is of the view that the RMB will appreciate against the U.S. dollars in the medium and longer term, and will continue to hold significant portion of cash in RMB. Concurrently, the Group will reduce its borrowings in foreign currencies to minimize the impact of currency fluctuations in the future.

Capital Commitments & Contingent Liabilities

As at 30 June 2009, the Group had no capital commitments contracted for and capital commitments of RMB243.5 million, which had been authorized but not contracted for. The Group had no contingent liabilities as at 30 June 2009.

Capital Structure of the Group

The Group requires working capital to support its manufacturing, Retail, OEM and Others 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 loans. The initial public offering of the Group's shares on 31 October 2003 provided an additional source of working capital. As at 30 June 2009, the Group had cash and cash equivalents and time deposits of RMB1,103.5 million, denominated principally in RMB, HK$, US$ and Euro, representing an increase of 16.94% from 31 December 2008. Net cash inflows from operating activities increased 29.49% to RMB239.1 million in 1H2009, compared to RMB184.7 million for the same period in 2008. The Group currently has outstanding interest-bearing debt obligations of RMB506.9 million.

Charges on Assets

As at 30 June 2009, the Group had not charged any of its assets.

Human Resources

As at 30 June 2009, the Group had approximately 5,220 employees. Total personnel expenses, comprising wages, salaries and benefits, amounted to RMB116.0 million in 1H2009, compared to RMB115.1 million for the same period in 2008.

Post-Balance Sheet Date Developments

After the balance sheet date, the Directors have declared an interim dividend of RMB0.24 per share based on 561,055,645 ordinary shares in issue as at 30 June 2009, amounting in aggregate to RMB134.7 million to be paid on 15 December 2009 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on 29 September 2009.

Pursuant to a Board of Directors' resolution dated 14 July 2009, the Company granted 24,324,000 share options to certain executive directors and employees of the Group to subscribe for 24,324,000 ordinary shares at an exercise price of HK$ 17.32 per share under the share option scheme adopted by the Company in 2003.

Significant Events

There were no significant events in the 1H2009.

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

During the six months ended 30 June 2009, 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, has reviewed the interim financial statements of the Group and the unaudited report for the six months ended 30 June 2009, thereon and submitted its views to the Board of Directors.

The Audit Committee has also endorsed the accounting treatment adopted by the Group.

The Audit Committee has also reviewed the connected transactions and the internal control systems of the Group in accordance with the provisions of Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

CORPORATE GOVERNANCE

The Group 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 2009 financial year.

The Group 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 2009, 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 2009

REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
PORTS DESIGN LIMITED
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 21 to 38 which comprises the consolidated balance sheet of Ports Design Limited as of 30 June 2009 and the related consolidated statement of comprehensive income, statement of changes in equity and condensed consolidated statement of cash flows 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 2009 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
27 August 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2009 (unaudited)
(Expressed in Renminbi)

	Note	Six months ended 30 June 2009 RMB'000	2008 RMB'000
Turnover	3	730,992	692,558
Cost of sales		(135,229)	(158,951)
Gross profit		595,763	533,607
Other operating income		10,808	6,999
Distribution expenses		(322,820)	(299,859)
Administrative expenses		(20,162)	(23,810)
Other operating expenses		(27,440)	(26,274)
Profit from operations		236,149	190,663
Finance income		6,611	16,513
Finance costs		(10,720)	(4,980)
Net finance (costs)/income	4(a)	(4,109)	11,533
Profit before taxation	4	232,040	202,196
Income tax	5	(25,594)	(18,778)
Profit for the period		206,446	183,418
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		206,446	183,418
Profit attributable to:			
Equity shareholders of the Company		206,446	183,418
Minority interests		-	-
Profit for the period		206,446	183,418
Total comprehensive income attributable to:			
Equity shareholders of the Company		206,446	183,418
Minority interests		-	-
Total comprehensive income for the period		206,446	183,418
Earnings per share (RMB)			
-Basic	6	0.37	0.33
-Diluted	6	0.37	0.32

The notes on pages 25 to 38 form part of this unaudited interim financial report.

Details of dividends payable to equity shareholders of the Company are set out in note 7.

CONSOLIDATED BALANCE SHEET
As at 30 June 2009 (unaudited)
(Expressed in Renminbi)

	Note	At 30 June 2009 RMB'000	At 31 December 2008 RMB'000
Non-current assets			
Lease prepayments		3,717	3,772
Property, plant and equipment	9	170,478	166,863
Intangible assets		21,065	21,065
Deferred tax assets		19,728	14,589
Total non-current assets		214,988	206,289
Current assets			
Inventories	10	429,140	425,593
Trade and other receivables, deposits and prepayments	11	297,516	314,643
Fixed deposits with banks		574,677	636,039
Cash and cash equivalents	13	528,847	307,606
Total current assets		1,830,180	1,683,881
Current liabilities			
Trade payables, other payables and accruals	14	190,123	231,089
Interest-bearing borrowings	15	506,863	507,093
Income tax payable		24,708	40,053
Total current liabilities		721,694	778,235
Net current assets		1,108,486	905,646
Total assets less current liabilities		1,323,474	1,111,935
Non-current liabilities			
Deferred tax liabilities		1,693	-
Total non-current liabilities		1,693	-
Net assets		1,321,781	1,111,935
Capital and reserves			
Share capital	16	1,486	1,486
Reserves		1,320,295	1,110,449
Total equity attributable to equity shareholders of the Company		1,321,781	1,111,935
Minority interests		-	-
Total equity		1,321,781	1,111,935

Approved and authorised for issue by the board of directors on 27 August 2009.

Edward Han Kiat Tan
Chairman
27 August 2009

The notes on pages 25 to 38 form part of this unaudited interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2009 (unaudited)
(Expressed in Renminbi)

	Note	Six months ended 30 June 2009 RMB'000	2008 RMB'000
Cash generated from operations		283,521	191,772
Income tax paid		(44,385)	(7,091)
Net cash generated from operating activities		239,136	184,681
Net cash used in investing activities		(7,503)	(216,616)
Net cash used in financing activities		(10,392)	(27,884)
Net increase/(decrease) in cash and cash equivalents		221,241	(59,819)
Cash and cash equivalents at 1 January	13	307,606	296,174
Cash and cash equivalents at 30 June	13	528,847	236,355

The notes on pages 25 to 38 form part of this unaudited interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2009 (unaudited)
(Expressed in Renminbi)

		Total equity attributable to equity shareholders of the Company									
	Note	Share capital RMB'000	Capital reserve - staff shares options issued (undis-tributable) 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	Minority interest RMB'000	Total equity RMB'000
Balance at 1 January 2008		1,481	19,664	63,159	407,532	101,744	9,868	325,590	929,038	-	929,038
Dividends approved in respect of previous year	7(b)	-	-	-	-	-	-	(150,971)	(150,971)	-	(150,971)
Shares issued under share option scheme		5	(4,533)	-	23,165	-	-	-	18,637	-	18,637
Equity settled share-based transaction		-	5,837	-	-	-	-	-	5,837	-	5,837
Total comprehensive income for the period		-	-	-	-	-	-	183,418	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	-	985,959
Balance at 1 January 2009		1,486	24,528	63,159	432,642	149,810	9,868	430,442	1,111,935	-	1,111,935
Shares issued under share option scheme	17	-	(220)	-	1,063	-	-	-	843	-	843
Equity settled share-based transaction		-	2,557	-	-	-	-	-	2,557	-	2,557
Total comprehensive income for the period		-	-	-	-	-	-	206,446	206,446	-	206,446
Balance at 30 June 2009		1,486	26,865	63,159	433,705	149,810	9,868	636,888	1,321,781	-	1,321,781

The notes on pages 25 to 38 form part of this unaudited interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
for the six months ended 30 June 2009
(Expressed in Renminbi)

1. Basis of preparation

Ports Design Limited ("the Company") is a company incorporated in Bermuda with limited liability. The interim financial report of the Company for the six months ended 30 June 2009 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, issued by the International Accounting Standards Board ("IASB").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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 2008 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 2008.

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 independent review report to the Board of Directors is included on page 20.

The financial information relating to the financial year ended 31 December 2008 included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2008 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 30 March 2009.

2. Changes in accounting policies

The IASB has issued one new IFRS, a number of amendments to IFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRIC 13 *Customer Loyalty Programmes*
- IFRS 8 *Operating Segments*
- IAS 1 *Presentation of Financial Statements* (2007)
- Improvements to IFRSs (2008)
- Amendments to IAS 27 *Consolidated and Separate Financial Statements - cost of an investment in a subsidiary, jointly controlled entity or associate*
- Amendments to IFRS 7 *Financial Instruments: Disclosures - improving disclosures about financial instruments*
- IAS 23 *Borrowing Costs* (2007)
- Amendments to IFRS 2 *Share-based Payment - vesting conditions and cancellations*

The "Improvements to IFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of IFRSs which the IASB has issued as an omnibus batch of amendments. The amendments had no material impact on the Group's interim financial report.

The amendments to IFRS 2 and Interpretations IFRIC 13 have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. In addition, the amendments to IFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report.

The impact of the remainder of these developments on the interim financial report is as follows:

- IFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of IFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, notwithstanding that the reportable segments identified by the Group in accordance with IFRS 8 are same as those of prior periods. As this is the first period in which the Group has presented segment information in accordance with IFRS 8, additional explanation has been included in the interim financial report which explains the basis of preparation of the information. Corresponding amounts have also been provided on a basis consistent with the revised segment information.

- As a result of the adoption of IAS 1 *Presentation of Financial Statements* (2007), the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim financial report. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- The amendments to IAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009 all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
for the six months ended 30 June 2009
(Expressed in Renminbi)

- As a result of the adoption of IAS 23 (2007), the Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. Previously the Group immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the prospective adoption of IAS 23 *Borrowing Costs* (2007) in accordance with the transitional provisions of such standard; comparative figures have not been restated. The change in accounting policy had no material impact on assets, profit or earnings per share during the six months ended 30 June 2009.

3. Segment reporting

The Group manages its businesses by business lines. On first-time adoption of IFRS 8, *Operating segments* and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments.

- Retail: this segment primary derives revenue from retail sales in the People's Republic of China ("the PRC"). These products are either sourced externally or are manufactured in the Group's manufacturing facilities located in the PRC. Individual retail shops are identified as operating segments and have been aggregated to form this reportable segment as they have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

- OEM: this segment exports merchandise to retailers and customers in North America, Europe and Asia. The manufacture of OEM merchandise is outsourced and is branded under brands requested by the OEM customers.

(a) Segment result and assets

In accordance with IFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment revenue represents revenue derived from sales of products to external customers. Segment assets represent inventories only.

The measure used for reporting segment profit is gross profit less selling and distribution costs directly attributable to the segment. To arrive at reporting segment profit, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as corporate administrative, operating and brand promotion expenses.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Six months ended 30 June 2009 RMB'000	2008 RMB'000
Reportable segment revenue		
Retail	669,653	607,643
OEM	35,706	50,236
Others (i)	25,633	34,679
Total	730,992	692,558
Reportable segment profit		
Retail	321,002	291,708
OEM	7,173	6,429
Others (i)	11,528	16,194
Total	339,703	314,331

	At 30 June 2009 RMB'000	At 31 December 2008 RMB'000
Reportable segment assets		
Retail	420,503	418,214
OEM	4,167	4,035
Others (i)	4,470	3,344
Total	429,140	425,593

(i) Revenue from segments below the quantitative thresholds are mainly attributable to two operating segments of the Group. Those segments include export sales and wholesales. None of those segments met any of the quantitative thresholds for determining reportable segments.

(b) Reconciliations of reportable segment revenue, profit and assets

	Six months ended 30 June 2009 RMB'000	2008 RMB'000
Revenue		
Reportable segment revenue	705,359	657,879
Other revenue	25,633	34,679
Consolidated turnover	730,992	692,558

	Six months ended 30 June 2009 RMB'000	2008 RMB'000
Profit		
Reportable segment profit	328,175	298,137
Other profit	11,528	16,194
	339,703	314,331
Other operating income	10,808	6,999
Distribution expenses	(66,760)	(80,583)
Administrative expenses	(20,162)	(23,810)
Other operating expenses	(27,440)	(26,274)
Net finance (costs)/income	(4,109)	11,533
Consolidated profit before taxation	232,040	202,196

	At 30 June 2009 RMB'000	At 31 December 2008 RMB'000
Assets		
Reportable segment assets	424,670	422,249
Other assets	4,470	3,344
	429,140	425,593
Non-current assets	214,988	206,289
Trade and other receivables, deposits and prepayments	297,516	314,643
Fixed deposits with banks	574,677	636,039
Cash and cash equivalents	528,847	307,606
Consolidated total assets	2,045,168	1,890,170

4. Profit before taxation

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

	Six months ended 30 June 2009 RMB'000	2008 RMB'000
(a) ***Net finance cost/(income)***		
Interest income	(6,611)	(7,270)
Net foreign exchange gain	-	(9,243)
Finance income	(6,611)	(16,513)
Interest expense on bank loans	8,774	4,436
Less: Amount on bank loans capitalised into construction in progress	(221)	-
Interest expense, net	8,553	4,436
Net foreign exchange loss	1,561	-
Bank charges	606	544
Finance costs	10,720	4,980
Net finance cost/(income)	4,109	(11,533)
(b) Other items		
Cost of inventories (note 10)	162,669	182,891
Loss/(gain) on disposal of property, plant and equipment	97	(145)
Depreciation		
- owned fixed assets	28,153	22,346
- leased fixed assets	136	136
Amortisation		
- lease prepayments	55	86
Operating leases charges in respect of properties		
- minimum lease payments	44,192	37,804
- contingent rents	128,379	115,409

5. Income tax

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Current tax - PRC income tax	29,040	22,811
Deferred taxation	(3,446)	(4,033)
	25,594	18,778

Pursuant to the rules and regulations of 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% (2008: 16.5%) 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 2009 and 2008 as the subsidiaries did not earn any assessable income for Hong Kong profit tax purposes.

The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rates and regulations of the PRC.

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 2009, 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, 10% withholding tax is levied on the foreign investor, except that only 5% is levied for foreign investors which are registered in Hong Kong, in respect of dividend distributions arising from profit earned by a foreign investment enterprise in the PRC after 1 January 2008. As at 30 June 2009, deferred tax liabilities of RMB 1,693 thousand (31 December 2008: nil) have been recognised in respect of the tax that would be payable on the distribution of the retained profits of one of the Group's PRC subsidiaries. Deferred tax liabilities of RMB 32,556 thousand (31 December 2008: RMB 21,630 thousand) have not been recognised in respect of the tax that would be payable on the distribution of the retained profits of other PRC subsidiaries of the Group as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits earned by the Group's subsidiaries in the PRC will not be distributed in the foreseeable future.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
for the six months ended 30 June 2009
(Expressed in Renminbi)

6. Earnings per Share

(a) Basic earnings per Share

The calculation of basic earnings per Share for the six months ended 30 June 2009 is based on the profit attributable to shareholders of RMB 206,446 thousand (2008: RMB 183,418 thousand) and the weighted average number of 560,961,031 (2008: 559,648,821) 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 2009 is based on the profit attributable to shareholders of RMB 206,446 thousand (2008: RMB 183,418 thousand) and the weighted average number of 562,176,628 (2008: 566,680,678) 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	
	2009	2008
	Number of Shares	Number of Shares
Weighted average number of ordinary Shares at 30 June	560,961,031	559,648,821
Effect of deemed issue of Shares under the Company's Share Option Scheme for nil consideration (note 17)	1,215,597	7,031,857
Weighted average number of ordinary Shares (diluted) at 30 June	562,176,628	566,680,678

7. Dividends

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

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Interim dividend proposed after the balance sheet date of RMB0.24 per Share (2008: RMB0.21 per share)	134,653	117,761

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 561,055,645 ordinary Shares in issue as at 30 June 2009 (2008: 560,768,801 ordinary Shares).

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

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of RMB nil per Share (2008: RMB0.27 per share)	-	150,971

No final dividend in respect of the financial year 2008 was approved during the period (financial year 2007: RMB 150,971 thousand).

8. Related party transactions

The Group had transactions with the following related parties for the six months ended 30 June 2009 and 30 June 2008.

Name of party	Relationship
Ports International Enterprises Limited	Ultimate parent company
CFS International Inc.	Immediate parent company
Ports International Retail Corporation	Fellow subsidiary company
Ports International Group Limited	Fellow subsidiary company
PCD Stores (Group) Limited and its subsidiaries	Fellow subsidiary company

The Group also has a related party relationship with its directors and senior officers.

(a) Particulars of significant transactions between the Group and the related parties for the six months ended 30 June 2009 and 2008 are as follows:

		Six months ended 30 June	
		2009	2008
		RMB'000	RMB'000
Sales of goods to:			
Ports International Retail Corporation	(i)	7,782	7,485
Interest-free advances to:			
Ports International Enterprises Limited		87,961	11,722
Ports International Retail Corporation		2,136	14,911
Repayment of interest-free advances from:			
Ports International Enterprises Limited		87,858	22,619
Expenses paid by the Group on behalf of:			
Ports International Retail Corporation		1,559	7,065
Ports International Group Limited		220	1,304
CFS International Inc.		-	785
Expenses re-imbursement made from:			
Ports International Retail Corporation		1,559	5,590
Ports International Group Limited		220	-
Rental fee charged by:			
PCD Stores (Group) Limited and its subsidiaries		10,487	8,623

(i) The Group leased a number of concession counters located within the shopping arcades in the PRC owned by certain subsidiaries of PCD Stores (Group) Limited. The Group's sales made in these concession counters totaling RMB 58,772 thousand for the six months ended 30 June 2009 (six months ended 30 June 2008: RMB 28,376 thousand) were collected by these shopping arcades first and settlement between the Group and the shopping arcades in respect of these concession sales was made net of the lease rental payable to the shopping arcades.

(b) Transactions with key management personnel

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Short-term employee benefits	1,143	1,142
Equity compensation benefits	13	29

(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 4,226 thousand for the six-month period ended 30 June 2009 (six-month period ended 30 June 2008: RMB 3,553 thousand)

As at 30 June 2009 and 31 December 2008, there was no material outstanding contribution to post-employment benefit plans.

9. Property, plant and equipment

	2009	2008
	RMB'000	RMB'000
Cost:		
Balance at 1 January	324,481	291,546
Acquisitions for the period/year	31,913	80,437
Disposals for the period/year	(3,567)	(47,502)
Balance at 30 June/31 December	352,827	324,481
Depreciation:		
Balance at 1 January	157,618	127,969
Depreciation charge for the period/year	28,289	48,162
Disposals for the period/year	(3,558)	(18,513)
Balance at 30 June/31 December	182,349	157,618
Net book value:		
At 30 June/31 December	170,478	166,863

10. Inventories

Inventories comprise:

	30 June 2009 RMB'000	31 December 2008 RMB'000
Raw materials	93,122	100,094
Work in progress	34,754	32,206
Finished goods	300,848	292,016
Goods in transit	416	1,277
	429,140	425,593

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

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Cost of goods sold	135,229	158,951
Stock provision	27,440	23,940
	162,669	182,891

11. Trade and other receivables, deposits and prepayments

	30 June 2009 RMB'000	31 December 2008 RMB'000
Accounts receivable	129,740	162,313
Amounts due from related companies (note 12)	48,830	78,342
Advances to suppliers	16,702	11,205
Other receivables, deposits and prepayments	102,244	62,783
	297,516	314,643

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

	30 June 2009 RMB'000	31 December 2008 RMB'000
Current	100,754	137,960
Less than 1 month past due	24,295	19,855
1-3 months past due	4,278	4,343
Over 3 months but less than 12 months past due	413	155
Amounts past due	28,986	24,353
	129,740	162,313

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

12. Amounts due from related companies

	30 June 2009 RMB'000	31 December 2008 RMB'000
Amounts due from		
Ports International Retail Corporation	31,397	32,130
Ports International Enterprises Limited	1,700	1,597
PCD Stores (Group) Limited and its subsidiaries	15,733	44,615
	48,830	78,342

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

13. Cash and cash equivalents

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

	30 June 2009 RMB'000	31 December 2008 RMB'000
Cash at bank and on hand	438,847	192,078
Time deposits with banks	90,000	115,528
	528,847	307,606

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

14. Trade payables, other payables and accruals

	30 June 2009 RMB'000	31 December 2008 RMB'000
Accounts payable	54,294	93,615
Other creditors and accruals	135,829	137,474
	190,123	231,089

An ageing analysis of accounts payable is as follows:

	30 June 2009 RMB'000	31 December 2008 RMB'000
Due within 1 month or on demand	33,118	55,732
Due after 1 month but within 3 months	14,709	25,286
Due after 3 months but within 6 months	6,086	11,559
Due after 6 months but within 12 months	381	1,038
	54,294	93,615

15. Interest-bearing borrowings

	30 June 2009 RMB'000	31 December 2008 RMB'000
Bank loans - secured	268,858	268,980
Bank loans - unsecured	238,005	238,113
	506,863	507,093

The bank loans of the Group have maturity terms of one month to six months and carry fixed interest rate during the borrowing period. As at 30 June 2009, the Group was granted banking facilities of HK$ 575,000 thousand (31 December 2008: HK$ 575,000 thousand) of which all were utilised by the Group.

As at 30 June 2009, the banking facilities of the Group were secured by certain subsidiaries' fixed deposits of RMB 282,745 thousand (31 December 2008: RMB 282,837 thousand), placed with banks located in the PRC and Hong Kong. Such banking facilities of the Group amounted to HK$ 305,000 thousand (31 December 2008: HK$ 305,000 thousand), which was fully utilised as at 30 June 2009.

16. Share capital

During the six months ended 30 June 2009, 121,257 ordinary Shares of HK$ 0.0025 each of the Company were issued for a total cash consideration of HK$ 957 thousand (equivalent to RMB 843 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 17.

17. 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 2008.

A summary of option movements for the six months ended 30 June 2009 is presented below:

	Six months ended 30 June 2009		*Year ended 31 December 2008*	
	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$10.100	11,827,846	HK$10.115	14,086,434
Exercised	HK$7.889	(121,257)	HK$10.156	(2,206,264)
Cancelled	HK$11.68	(32,920)	HK$11.68	(52,324)
Outstanding at end of period/year	HK$10.118	11,673,669	HK$10.100	11,827,846
Exercisable at the end of period/year	HK$8.838	6,415,100	HK$8.827	6,551,169

During the six months ended 30 June 2009, none (2008: one) of the Company's directors exercised options to subscribe for shares in the Company (2008: 80,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
for the six months ended 30 June 2009
(Expressed in Renminbi)

Details of share options exercised during the six months ended 30 June 2009 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$16.12	HK$133,266	50,768
1 September 2006	HK$11.68	HK$17.71	HK$823,312	70,489

18. Commitments

(a) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	30 June 2009 RMB'000	31 December 2008 RMB'000
Less than one year	86,900	80,174
Between one and five years	110,874	139,800
More than five years	4,150	6,399
	201,924	226,373

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 2009 and 31 December 2008 but not provided for in the interim financial report were as follows:

	30 June 2009 RMB'000	31 December 2008 RMB'000
Contracted for	-	-
Authorised but not contracted for	243,500	263,500
	243,500	263,500

19. Subsequent event

Pursuant to a Board of Directors' resolution dated 14 July 2009, the Company granted 24,324,000 share options to certain executive directors and employees of the Group to subscribe for 24,324,000 ordinary Shares at an exercise price of HK$ 17.32 per Share under the Share Option Scheme adopted by the Company in 2003.

After the balance sheet date, the Directors proposed an interim dividend on 27 Aug 2009. Further details are disclosed in note 7.

20. Comparative figures

As a result of the application of IAS 1(2007), *Presentation of Financial Statements*, and IFRS 8, *Operating Segments*, certain comparative figures have been adjusted to conform to the current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.

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 2009.

Interim Dividend and Closure of Register of Members

The earnings for the Group for the six months ended 30 June 2009 are RMB206.4 million. The Directors have declared an interim dividend of RMB0.24 per Share for the six months ended 30 June 2009, totaling RMB134.7 million based on 561,055,645 ordinary Shares in issue as at 30 June 2009.

The interim dividend will be payable on 15 December 2009 to shareholders whose names appear on the register of members of the Company on 29 September 2009. The register of members will be closed from 23 September 2009 to 29 September 2009, 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 2009.

Directors

The Directors of PORTS during the six months ended 30 June 2009 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 2009, 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)		227,009,091 (L)	227,009,091 (L)	40.46%(L)
	0	52,394,000 (S)	52,394,000 (S)	9.34%(S)
Mr. Alfred Chan Kai Tai (Note 1)		227,009,091 (L)	227,009,091 (L)	40.46%(L)
	0	52,394,000 (S)	52,394,000 (S)	9.34%(S)
Mr. Pierre Frank Bourque	80,000(L)[2]	0	80,000(L)	0.01%(L)
Ms. Julie Ann Enfield	0	0	0	0
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)
Ms. Lara Magno Lai	0	0	0	0

Note 1: Mr. Tan and Mr. Chan own the 50% shares of Ports International Enterprises Limited ("PIEL") respectively. PIEL also holds a short position of 52,394,000 Shares. 227,009,091 Shares are owned by CFS International Inc. ("CFS"), a direct subsidiary of PIEL. Mr. Tan and Mr. Chan are deemed to be interested in 40.46% 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 2009, 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 2009 under the Scheme were as follows:

Share options granted on 3 November 2003

	Options held at 1/1/2009	Options granted during the period	Options exercised during the period(Note 1)	Options cancelled during the period	Exercise price per option (HK$) (Note 2)	Options held at 30/6/2009	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	0	0	0	0	N/A	0	N/A	N/A
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	1,943,918	0	50,768	0	2.625	1,893,150	3 Nov 2003	2 Nov 2013

Share options granted on 1 September 2006

	Options held at 1/1/2009	Options granted during the period	Options exercised during the period(Note 1)	Options cancelled during the period	Exercise price per option (HK$)	Options held at 30/6/2009	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	9,683,928	0	70,489	32,920	11.68	9,580,519	1 Sep 2006	31 Aug 2016

Note 1: The weighted average closing price of the Shares immediately at the dates on which the options were exercised was HK$17.04.

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, 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 2009, 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	227,009,091(L)	227,009,091(L)	40.46%(L)
Ports International Enterprises Limited[1]	Interest of Controlled Corporation	227,009,091(L) 52,394,000(S)	227,009,091(L) 52,394,000(S)	40.46%(L) 9.34%(S)
(b) Other persons				
JPMorgan Chase & Co.	Investment Manager	50,789,746	50,789,746	9.05%

Note:

1. PIEL is deemed to be interested in the 227,009,091 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 2009 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 2009.

Purchase, Sale or Redemption of Group's Listed Securities

During the six months ended 30 June 2009, 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 27 August 2009, based on the information publicly available to the Company and within the knowledge of the Directors, 59.54% of the Shares were publicly held.

On Behalf of the Board
Edward Han Kiat Tan
Chairman

27 August 2009
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

2009	PER SHARE		
MONTH	High(HK$)	Low(HK$)	Total Volume
January	9.99	6.90	18,766,107
February	9.09	7.32	27,340,254
March	11.00	7.39	35,634,204
April	12.96	8.80	59,465,013
May	17.44	12.32	54,181,612
June	19.20	16.26	37,904,363
July	21.70	16.20	37,523,707
Aug	22.65	17.30	40,198,559

Board of Directors

Edward Han Kiat Tan*, *Chairman*
Alfred Kai Tai 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

Appleby Management (Bermuda) Ltd
Argyle House
41-A Cedar Avenue
Hamilton HM 12
Bermuda

Principal Bankers

Hong Kong & Shanghai Banking Corporation Limited,
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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

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27 Shing Yip Street
Kwun Tong
Kowloon, Hong Kong

Auditors

KPMG
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10 Chater Road
Central Hong Kong

Corporate Counsel

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One Connaught Place
Central Hong Kong

Registrar & Transfer Offices

Principal:
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Argyle House
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Hamilton HM 12
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 Han Kiat Tan
Chairman

27 August 2009
Xiamen, China


BMW Lifestyle
Sheer
Driving Pleasure