PORTS DESIGN LIMITED

INTERIM REPORT 2012

(Incorporated in Bermuda with limited liability)
(Stock code: 0589)

CONTENTS

CORPORATE PROFILE

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 China with over 350 retail outlets.

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 2012, the Group operated 381 retails stores.

The Group has also entered into various licensing and cooperation agreements with top tier international brands such as BMW Lifestyle, Armani, Versace and Ferrari, pursuant to which the Group has been granted with the right to sell their selected products in dedicated retail outlets operated by the Group in the PRC. In particular, Bayerische Motoren Werke AG ("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, which right includes the license to design and manufacture products such as watches, sunglasses and leather goods. 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.

In addition to its retail operations, the Group also has an OEM business which exports merchandise to major retailers in North America, Europe and Asia. 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, Europe and Asia, and "Others" which comprises mainly of the wholesale of PORTS branded eyewear products, exports of BMW Lifestyle goods to North America and Europe and the wholesale of PORTS goods.

FINANCIAL HIGHLIGHTS

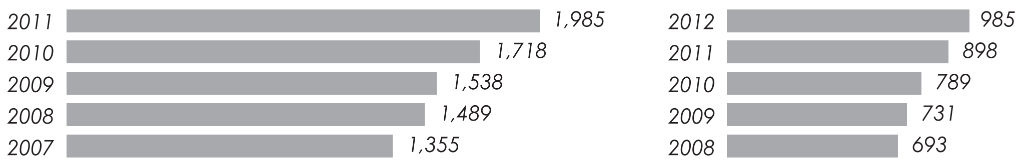
(Financial figures are expressed in Renminbi ("RMB") million)

	For the six months ended 30 June		For the year ended 31 December				
	2012	2011	2011	2010	2009	2008	2007
Results							
Turnover	**985**	898	1,985	1,718	1,538	1,489	1,355
Profit from operations	**217**	286	566	510	524	454	376
Profit attributable to shareholders	**156**	213	430	473	468	422	397

	For the six months ended 30 June 2012	For the year ended 31 December				
		2011	2010	2009	2008	2007
Assets and liabilities						
Non-current assets	**588**	583	396	315	206	175
Current assets	**2,644**	2,580	2,007	2,516	1,684	1,186
Current liabilities	**1,384**	1,312	746	1,466	778	432
Net current assets	**1,260**	1,268	1,261	1,050	906	754
Total assets less current liabilities	**1,848**	1,851	1,657	1,365	1,112	929
Non-current liability	**6**	7	8	7	—	—
Shareholders' Equity	**1,828**	1,833	1,649	1,358	1,112	929

Turnover
(RMB millions)

For the year ended 31 December | *For the six months ended 30 June*



Profit from Operations
(RMB millions)

For the year ended 31 December | *For the six months ended 30 June*

Profit Attributable
to Shareholders
(RMB millions)

For the year ended 31 December | *For the six months ended 30 June*

Dividend History*
(RMB millions)

For the year ended 31 December | *For the six months ended 30 June*

** 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 RMB0.15 per share and special interim dividend of RMB0.10 per share, totaling RMB140.8 million declared for the period ended 30 June 2012.*

STATEMENT OF THE CHIEF EXECUTIVE OFFICER

Brand is the soul of a company in the fashion industry. Hence, building international presence and striving worldwide recognition of the Ports core brand have always been among the top of our management's priorities, whether during a period of prosperity or in seasons of economic uncertainty. Whilst we understand that brand building is a long and continuous process which calls for patience and significant capital investment, we are no short of commitment as we believe that it lays down the foundation for the Group to deliver sustainable growth in the long run. Although we have not been immune to the global economic recession and the weakening of the high-end consumption market in China, the retail performance of our Group in the first half of 2012 remains stable. Our emphasis and dedication to bring to our customers quality merchandise and fashion, presented in a first class store layout allow us to compete at the highest level in a tough retail environment.

During the past few years, we have witnessed the influx of many top tier international apparel brands into China, all of them have shown no hesitation in presenting their best merchandise to this very important market. Following the successful implementation of the store-repositioning program completed in 2010, our Group has since then been more than equipped, whether in the context of store location or merchandise presentation, to position ourselves to capture a substantial share of success in this exciting yet challenging market. By reference to internal and market available data for the whole of 2011 and the first half of 2012, we are pleased to see that the womenswear of our Ports core brand remains very competitive, and continues to enjoy a more efficient retail sales ratio, based on average sales per square meters of retail space, than many of our respectable peers who have long been renowned as the first tier international fashion labels. We attribute this success to our sensual acuity to the fashion trend, understanding of the local market preference by leveraging on our over 20 years of retail experience in China, as well as our countless effort in the building of our brand: the endorsement of celebrities, spread of our international presence in fashion capitals of the world and positive exposure during the New York and Milan Fashion Weeks.

Following the encouraging reception of our Ports 1961 Spring/Summer 2012 Ladies Ready-To-Wear Collection at the Mercedes-Benz Fashion Week in New York in September 2011, our design and marketing team have not been in the exultation of success but have moved on in the preparation of the Milan Fashion Week for our Spring/Summer Collection 2013. With the growing attention to our event by and among the international fashion critics and celebrities, we are eager and ready to take our brand further up to becoming one of the important members of the international fashion elites.

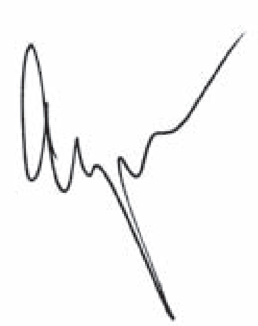
The hard work is starting to bear fruit. Our operation in Milan has led to our Group's admission as a member of Camera Nazionale della Moda Italiana, which is recognized as one of the most prestigious fashion industry associations in Italy. In the menswear front, the acclaims we received from the fashion critics during the Milan Fashion Week in June 2012 have won us positive acknowledgement by top international department store operators. We are pleased to share our joy and announce that the Ports 1961 menswear is now present in Harrods Department Store of London locating next to many of the world's top designer labels. In order to reap the benefit of such successful recognition worldwide, our team has been working very hard to improve and perfect our products portfolio and store presentation within our network, as well as to cater to the customers' preference everywhere. Although we reckon there is room for further improvement and growth in our menswear business, we feel that we are moving on the right track to success in the long run, in particular in China, one of the most important markets in the world.

Apart from keeping our awareness to the latest fashion trend and consumers' preference, we have kept our focus on the clearing of the off-season merchandize. Our outlet store in the Beijing Scitech Premium Outlet Mall, which is operated by our sister company PCD Stores (Group) Limited, has performed very well and currently represents the most important outlet channel of our Group. In light of the success of this operation, we have confidence that the recent opening of our outlet store in the Shenyang Scitech Premium Outlet Mall will soon become another significant channel for the clearance of our off-season merchandize. With the welcoming sign of expansion of outlet mall industry in China and strict production control on future productions, the management is very hopeful to reduce the inventory from the current level going forward.

The eyewear business was formed as a JV between the Company and the former eyewear licensee, with the new business building on the foundation and acceptance of the Ports Eyewear brand in the market. We are confident that the arrangement will enable the Company to compete effectively in the market and hopefully, to succeed in the long run on this important product category.

Sound internal operational environment represents a cornerstone for the growth and development of a company. To this end, we have engaged FTI Consulting, a professional internal control consultant, to provide external and impartial recommendation as to the steps that the Group should take to improve its management and corporate governance practice. We are mindful to ensure that our corporate structure would meet, and hopefully even surpass, the expectation of our stakeholders and serve as a solid platform to facilitate our future business development.

On behalf of the board of directors, I once again thank each and every member of the Group for their commitment and effort during this challenging period of the Group's development.



Alfred Chan
Chief Executive Officer

30 August 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

TURNOVER

Turnover of the Group increased from RMB897.7 million in 1H2011 to RMB984.9 million in 1H2012, representing an increase of 9.7%. Turnover comprises three different segments: Retail, OEM and Others.

Retail Turnover

Retail turnover rose from RMB838.8 million in 1H2011 to RMB905.0 million in 1H2012, representing a growth rate of 7.9%. Such increase was contributed by the increase in the volume of product units sold, average retail selling price and net increase in the number of retail stores as compared with 1H2011. As at 30 June 2012, the Group operated 381 retail stores as compared with 362 retail stores as at 30 June 2011. The contribution from Retail segment to total turnover decreased from 93.4% in 1H2011 to 91.9% in 1H2012.

OEM Turnover

OEM turnover came from the export of merchandise, which was branded under the label instructed by our OEM customers, to major retailers in North America, Europe and Asia. OEM turnover increased from RMB40.2 million in 1H2011 to RMB45.6 million in 1H2012, representing an increase of 13.5%. The contribution from OEM segment to total turnover increased slightly from 4.5% in 1H2011 to 4.6% in 1H2012.

Others Turnover

Others turnover increased by 82.8%, from RMB18.8 million in 1H2011 to RMB34.3 million in 1H2012. The contribution from Others segment to total turnover increased from 2.1% in 1H2011 to 3.5% in 1H2012. Such increase was predominantly contributed by the inclusion of the eyewear wholesale business.

GROSS PROFIT

Gross profit rose from RMB732.9 million in 1H2011 to RMB806.6 million in 1H2012, representing an increase of 10.1%. Gross profit margin slightly increased to 81.9% in 1H2012 (1H2011: 81.6%).

Retail Gross Profit

Retail gross profit increased by 7.9% from RMB723.8 million in 1H2011 to RMB781.2 million in 1H2012. Retail gross profit margin remained stable at 86.3% (1H2011: 86.3%). Our tight cost control policy and improved operational efficiency following the full scale operation of our new headquarter helped to maintain the gross profit margin in a fairly stable condition.

OEM Gross Profit

OEM gross profit increased from RMB4.7 million in 1H2011 to RMB5.4 million in 1H2012, representing an increase of 15.0%. OEM gross profit margin increased slightly from 11.6% in 1H2011 to 11.8% in 1H2012.

Others Gross Profit

Others gross profit increased from RMB4.4 million in 1H2011 to RMB20.1 million in 1H2012, representing an increase of 355.5%. Others gross profit margin increased from 23.5% in 1H2011 to 58.5% in 1H2012 due to the inclusion of our eyewear wholesale business, which carried higher gross profit margin than the rest of the business lines in Others segment.

OTHER REVENUE AND OTHER NET INCOME

Other revenue and other net income consisted of income mainly derived from, among other things, the provision of design and decoration services to third parties, including department stores that contained new PORTS concessions, as well as insurance compensation. Other revenue and other net income decreased by 91.5% or RMB46.0 million, from RMB50.2 million in 1H2011 to RMB4.2 million in 1H2012. Such reduction mainly stemmed from the unconditional cash grant from the Xiamen Government amounting RMB40.3 million to the Group in the 1H2011 ("Cash Grant"), which was one-off and non-recurrent in nature.

Royalty income decreased by 92.2%, from RMB4.2 million in 1H2011 to RMB0.3 million in 1H2012 since the eyewear business has been converted from licensing to a joint venture with the former eyewear licensee.

Design and decoration income fell by 73.7%, from RMB4.0 million in 1H2011 to RMB1.1 million in 1H2012 due to movement into high-end shopping malls with less tenant inducements.

OPERATING EXPENSES

Operating expenses increased from RMB497.0 million in 1H2011 to RMB593.8 million in 1H2012, representing an increase of 19.5%. Operating expenses consisted of distribution costs, administrative expenses and other operating expenses. A more detailed breakdown is set out as follows:

Distribution costs

Distribution costs mainly comprised of rental charges, salaries and benefits, stores and mall expenses, depreciation charges and advertising costs. Distribution costs increased from RMB427.6 million in 1H2011 to RMB471.4 million in 1H2012, representing an increase of 10.2% (1H2011 versus 1H2010: 23.7%). The increase was mainly due to increases in salaries and benefits, store and mall expenses and the consultant service fee. Distribution costs as a percentage of Retail turnover increased to 52.1% in 1H2012 (1H2011: 51.0%).

Rental charges increased by 3.3% (1H2011 versus 1H2010: 14.0%) from RMB199.4 million in 1H2011 to RMB206.0 million in 1H2012. Rental charges as a percentage of Retail turnover continued to improve and stood at 22.8% in 1H2012 (1H2011: 23.8%). The improvement was attributable to the relatively higher proportion of stores operated in the department stores, which the concessionaire rate in general are lower than the rental charged by shopping malls.

Salaries and benefits to retail sales staff increased from RMB88.6 million in 1H2011 to RMB100.3 million in 1H2012, representing an increase of 13.2% (1H2011 versus 1H2010: 27.3%). Salaries and benefits as a percentage of Retail turnover increased to 11.1% in 1H2012 (1H2011: 10.6%).

Store and mall expenses increased by 18.2%, from RMB37.0 million in 1H2011 to RMB43.7 million in 1H2012. Depreciation charges increased from RMB38.2 million in 1H2011 to RMB42.6 million in 1H2012, representing an increase of 11.6%. Both increases were attributable to the increase in store count as compared with 1H2011. Advertising costs increased slightly by 3.8%, from RMB27.4 million in 1H2011 to RMB28.4 million in 1H2012.

Administrative expenses

Administrative expenses increased slightly from RMB40.5 million in 1H2011 to RMB41.3 million in 1H2012, representing an increase of 2.1%. Administrative expenses as a percentage of total turnover declined slightly to 4.2% (1H2011: 4.5%).

Salaries and benefits for administrative staff, the single largest category of administrative expenses, decreased from RMB25.5 million in 1H2011 to RMB24.4 million in 1H2012, representing a decrease of 4.5%. The decline was mainly due to the impact from the decrease in the amortization expense related to the Share Option Scheme granted by the Company in 2009 which was partially offset by the increase in salary to administrative staff. In 1H2012, salaries and benefits for administrative staff as a percentage of total turnover declined to 2.5% (1H2011: 2.8%).

Other operating expenses

Other operating expenses increased from RMB29.0 million in 1H2011 to RMB81.1 million in 1H2012, representing an increase of 180.1% or RMB52.1 million due to the increase in the stock provision. The Group closely monitored the inventory level and assessed the amount of stock provision from time to time based on historical experience, current market condition and the Group’s business plan in future. Based on the results of current year’s assessment which also covered current season merchandise, the Group determined that increase in stock provision would be required in 1H2012, leading to the significant increase in other operating expenses. In 1H2012, the stock provision made as a percentage of Retail turnover increased to 9.0% (1H2011: 3.5%).

PROFIT FROM OPERATIONS

As a result of the factors discussed above, in particular the impact from the Cash Grant granted in 1H2011 (in the amount of RMB40.3 million) as well as the significant increase in the stock provision (in the amount of RMB52.1 million), the Group’s profit from operations decreased from RMB286.0 million in 1H2011 to RMB217.0 million in 1H2012, representing a decrease of 24.1% or RMB69.0 million. Excluding the Cash Grant, profit from operations would have decreased by 11.7% or RMB28.7 million and such reduction would be predominantly stemmed from the increase in the stock provision. The Group’s operating margin (i.e. profit from operations expressed as a percentage of total turnover) declined from 31.9% in 1H2011 to 22.0% in 1H2012.

NET FINANCE INCOME

Net finance income diminished from RMB11.5 million in 1H2011 to RMB6.3 million in 1H2012, representing a decrease of 45.0%. In 1H2012, the Group reported an interest income of RMB20.5 million, representing an increase of RMB12.0 million, from RMB8.5 million in 1H2011. However, the interest expense for the Group also increased by RMB8.6 million, from RMB1.1 million in 1H2011 to RMB9.7 million in 1H2012 due to increase in the interest-bearing loans in accordance with the Group’s treasury management strategy. The Group recorded an exchange loss of RMB3.3 million in 1H2012, as compared to a gain of RMB5.2 million in 1H2011. Our Hong Kong dollars (“HK$”) and United States dollars (“US$”) denominated borrowings were the causes of the change from having an exchange gain in 1H2011 to recording an exchange loss in 1H2012. The reason is that the two currencies depreciated against RMB during 1H2011 but they appreciated against RMB during 1H2012.

INCOME TAX

The Group's income tax expense decreased by 23.3% from RMB83.7 million in 1H2011 to RMB64.2 million in 1H2012 due to the lower profit before tax. The effective income tax rate increased from 28.1% in 1H2011 to 28.7% in 1H2012 due to the expiry of tax holiday previously enjoyed by some of our subsidiaries in the PRC.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

As a result of the factors discussed above, profit attributable to shareholders of the Company decreased from RMB213.1 million in 1H2011 to RMB155.7 million in 1H2012, representing a decrease of 27.0%.

FINANCIAL POSITION, LIQUIDITY AND GEARING RATIO

As at 30 June 2012, the Group had RMB1,618.5 million in cash and cash equivalents, fixed deposits with banks and pledged bank deposits, which was increased by 17.7% as compared to RMB1,375.5 million as at 31 December 2011. The Group also had access to significant bank loans and overdraft facilities and as at 30 June 2012, the Group had interest-bearing borrowings of RMB947.0 million, increased from RMB702.0 million as at 31 December 2011 in connection with the Group's treasury management strategy and offshore dividend payment arrangement.

Net cash generated from operations activities was RMB186.7 million in 1H2012 as compared with RMB211.5 million in 1H2011, representing a decrease of 11.8% due to the higher income tax paid during 1H2012.

As at 30 June 2012, the Group's gearing ratio was 51.4% based on outstanding borrowings and total equity of RMB1,842.0 million (as at 31 December 2011: 38.1%). As at 30 June 2012, the current ratio was 1.91 based on current assets of RMB2,644.3 million and current liabilities of RMB1,384.3 million (as at 31 December 2011: 1.97).

CURRENCY RISK MANAGEMENT

The Group's cash balances from normal business operations are mainly deposited in RMB, US$, HK$ and the European Union common currency ("Euro"), with major banks in Hong Kong and the PRC. The Group considers its risk exposure to currency fluctuations to be minimal.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2012, the Group had capital commitments of RMB47.0 million, as compared with RMB76.6 million as at 31 December 2011, which was authorized but not contracted for. The significant reduction was due to the completion of the contracts and agreements associated with the construction of the Group's Xiamen headquarter. The Group has no material contingent liabilities as at 30 June 2012.

CAPITAL STRUCTURE OF THE GROUP

The Group required working capital to support its manufacturing, retail, OEM and other operations. As at 30 June 2012, the Group had cash, cash equivalents, fixed deposits with banks and pledged bank deposits of RMB1,618.5 million, denominated principally in RMB, US$, HK$ and Euros. The Directors believe that the cash balances and net cash inflow from operating activities are sufficient to support the operating activities of the Group.

CHARGES ON ASSETS

As at 30 June 2012, the Group's bank deposits in the amount of RMB614.2 million were pledged to secure banking facilities and bank borrowings granted to the Group.

HUMAN RESOURCES

As at 30 June 2012, the Group had approximately 5,400 employees. Total personnel expenses, comprised of wages, salaries, and benefits, amounted to RMB178.6 million in 1H2012, compared with RMB162.1 million in 1H2011, representing an increase of 10.1%. In 1H2012, total personnel expenses as a percentage of the Group's turnover was at 18.1% (1H2011: 18.1%).

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest levels of corporate governance. As disclosed in the Company's announcement dated 21 May 2012 in relation to certain past discloseable transactions and connected transactions, the Company had appointed FTI Consulting to conduct a thorough review of and make recommendations to improve the Company's internal control and corporate governance procedures. The Company is currently in discussion with FTI Consulting with a view to adopting certain recommendations made by them. The Company will publish an announcement with a detailed timetable on the implementation of measures recommended by FTI Consulting once the discussion is finalized.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Based on the specific enquiry of all directors, during 1H2012, the Directors of the Company have confirmed that they have complied with the required standards as set out in the Model Code.

Code on Corporate Governance Practices

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code during the period from 1 April 2012 to 30 June 2012 as set out in Appendix 14 to the Listing Rules.

Review of Accounts

The unaudited condensed consolidated accounts of the Company and its subsidiaries for the 1H2012 have also been reviewed by the audit committee of the Company.

The audit committee consists of three independent non-executive Directors, namely, Mr. Rodney Cone (Chairman), Ms. Valarie Fong and Mr. Peter Bromberger, with terms of reference in compliance with the Listing Rules.

PORTS DESIGN LIMITED
CONDENSED INTERIM
FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2012

KPMG

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 23 to 48 which comprises the consolidated balance sheet of Ports Design Limited (the "Company") as at 30 June 2012 and the related consolidated statement of comprehensive income, 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 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim financial reporting.

Emphasis of matter

We draw attention to note 3 to the interim financial report which describes the prior period adjustments made by the Company to restate the interim financial report for the period ended 30 June 2011 for the correction of certain presentation errors and omitted disclosures. Our conclusion is not qualified in respect of this matter.

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

30 August 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2012 (unaudited)
(Expressed in thousands of Renminbi Yuan, except share and per share data)

		Six months ended 30 June	
	Note	**2012** *RMB'000*	2011 *RMB'000*
Turnover	*4*	**984,942**	897,699
Cost of sales		**(178,347)**	(164,834)
Gross profit		**806,595**	732,865
Other revenue	*5*	**4,245**	50,194
Distribution costs		**(471,357)**	(427,563)
Administrative expenses		**(41,318)**	(40,485)
Other operating expenses		**(81,136)**	(28,963)
Profit from operations		**217,029**	286,048
Finance income		**20,543**	13,709
Finance costs		**(14,217)**	(2,207)
Net finance income	*6(a)*	**6,326**	11,502
Profit before taxation	*6*	**223,355**	297,550
Income tax	*7*	**(64,201)**	(83,748)
Profit for the period		**159,154**	213,802
Other comprehensive income for the period, net of income tax			
Exchange difference on translation of:			
— Financial statements of overseas subsidiaries		**45**	—
Total comprehensive income for the period		**159,199**	213,802
Profit attributable to:			
Equity shareholders of the Company		**155,658**	213,103
Non-controlling interests		**3,496**	699
Profit for the period		**159,154**	213,802
Total comprehensive income attributable to:			
Equity shareholders of the Company		**155,703**	213,103
Non-controlling interests		**3,496**	699
Total comprehensive income for the period		**159,199**	213,802
Earnings per share (RMB)			
— Basic	*8*	**0.27**	0.37
— Diluted	*8*	**0.27**	0.37

The notes on pages 27 to 48 form part of this unaudited interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 18.

CONSOLIDATED BALANCE SHEET
at 30 June 2012 (unaudited)
(Expressed in thousands of Renminbi Yuan)

	Note	**At 30 June 2012** ***RMB'000***	At 31 December 2011 *RMB'000*
Non-current assets			
Lease prepayments		**3,314**	3,357
Property, plant and equipment	*10*	**506,264**	514,563
Deferred tax assets		**78,172**	64,649
		587,750	582,569
Current assets			
Inventories	*11*	**698,024**	632,972
Trade and other receivables, deposits and prepayments	*12*	**327,853**	571,775
Pledged bank deposits		**614,192**	555,992
Fixed deposits with banks		**247,992**	439,852
Cash and cash equivalents	*15*	**756,271**	379,629
		2,644,332	2,580,220
Current liabilities			
Trade payables, other payables and accruals	*16*	**398,265**	493,338
Interest-bearing borrowings	*17*	**946,978**	701,992
Current taxation		**39,021**	116,727
		1,384,264	1,312,057
Net current assets		**1,260,068**	1,268,163
Total assets less current liabilities		**1,847,818**	1,850,732
Non-current liabilities			
Deferred tax liabilities		**5,841**	7,058
		5,841	7,058
Net assets		**1,841,977**	1,843,674
Capital and reserves			
Share capital	*18*	**1,492**	1,503
Reserves		**1,826,642**	1,831,903
Total equity attributable to equity shareholders of the Company		**1,828,134**	1,833,406
Non-controlling interests		**13,843**	10,268
Total equity		**1,841,977**	1,843,674

Approved and authorised for issue by the board of directors on 30 August 2012.

Alfred Kai Tai Chan
Chief Executive Officer

Pierre Frank Bourque
Executive Vice President

The notes on pages 27 to 48 form part of this unaudited interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2012 (unaudited)
(Expressed in thousands of Renminbi Yuan)

		Six months ended 30 June	
		2012	2011
	Note	***RMB'000***	*RMB'000*
			(Restated)
			(see note 3)
Cash generated from operations		**343,327**	268,473
Income tax paid		**(156,648)**	(56,936)
Net cash generated from operating activities		**186,679**	211,537
Net cash generated from/(used in) investing activities		**170,331**	(199,181)
Net cash generated from financing activities		**19,632**	18,275
Net increase in cash and cash equivalents		**376,642**	30,631
Cash and cash equivalents at 1 January	*15*	**379,629**	347,735
Cash and cash equivalents at 30 June	*15*	**756,271**	378,366

The notes on pages 27 to 48 form part of this unaudited interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2012 (unaudited)
(Expressed in thousands of Renminbi Yuan)

		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	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2011		1,501	94,581	61,419	512,854	54,634	—	923,580	1,648,569	—	1,648,569
Profit for the period		—	—	—	—	—	—	213,103	213,103	699	213,802
Other comprehensive income		—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the period		—	—	—	—	—	—	213,103	213,103	699	213,802
Dividends to equity holders	18(b)	—	—	—	—	—	—	(136,476)	(136,476)	—	(136,476)
Shares issued under share option scheme	18	2	(1,657)	—	8,028	—	—	—	6,373	—	6,373
Equity settled share-based transaction		—	17,772	—	—	—	—	—	17,772	—	17,772
Capital contribution from non-controlling shareholder		—	—	—	—	—	—	—	—	9,800	9,800
Balance at 30 June 2011		1,503	110,696	61,419	520,882	54,634	—	1,000,207	1,749,341	10,499	1,759,840
Balance at 1 January 2012		1,503	118,795	61,419	522,232	55,841	—	1,073,616	1,833,406	10,268	1,843,674
Profit for the period		—	—	—	—	—	—	155,658	155,658	3,496	159,154
Other comprehensive income		—	—	—	—	—	45	—	45	—	45
Total comprehensive income for the period		—	—	—	—	—	45	155,658	155,703	3,496	159,199
Dividends to equity holders	18(b)	—	—	—	—	—	—	(135,328)	(135,328)	—	(135,328)
Purchase of own shares:	18(c)										
— par value paid		(11)	—	—	—	—	—	—	(11)	—	(11)
— premium paid		—	—	—	(33,420)	—	—	—	(33,420)	—	(33,420)
Shares issued under share option scheme	18	—	(57)	—	273	—	—	—	216	—	216
Equity settled share-based transaction		—	7,568	—	—	—	—	—	7,568	—	7,568
Capital contribution from non-controlling shareholder		—	—	—	—	—	—	—	—	79	79
Balance at 30 June 2012		1,492	126,306	61,419	489,085	55,841	45	1,093,946	1,828,134	13,843	1,841,977

The notes on pages 27 to 48 form part of this unaudited interim financial report.

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 2012 comprises 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 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 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 judgements, 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 2011 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 2011.

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 22.

The financial information relating to the financial year ended 31 December 2011 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 2011 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 18 May 2012.

2. Changes in accounting policies

The IASB has issued a few amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. None of these developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(Expressed in thousands of Renminbi Yuan)

3. Restatement of financial statements

In preparing the consolidated financial statements for the year ended 31 December 2011, the Company identified errors and omissions in its presentation and disclosures of certain transactions and balances with certain related parties, including its directors, and unrelated parties in the previously issued consolidated financial statements for the year ended 31 December 2010 and the previously issued interim financial report for the six months period ended 30 June 2011. Those errors include offsetting certain receivable and payable balances due from/to related parties and a company named 廈門加中軟件開發有限公司 (referred to as "Jiazhong Company Limited") in its consolidated balance sheets, omitting to disclose certain advances made and received by the Group in the consolidated cash flow statements, and omitting to disclose details relating to certain related party transactions. Consequently, the Company's condensed consolidated cash flow statement for the six months period ended 30 June 2011 and disclosures for related party transactions for the six months period ended 30 June 2011 (note 9) have been restated to correct those errors and details of the Group's transactions and balances with Jiazhong Company Limited are set out in note 13. The errors did not affect the figures presented in the Group's consolidated statement of comprehensive income or consolidated statement of changes in equity for the six months period ended 30 June 2011 and the Group's consolidated balance sheet as at 31 December 2011.

The following table reflects the effects of the restatement for each financial statement line item affected in respect of the six months period ended 30 June 2011:

Condensed Consolidated Cash Flow Statement

	Six months ended 30 June 2011		
	As reported RMB'000	**Adjustment** RMB'000	**As restated** RMB'000
Cash generated from operations	245,352	23,121	268,473
Income tax paid	(56,936)	—	(56,936)
Net cash generated from operating activities	188,416	23,121	211,537
Net cash used in investing activities	(126,038)	(73,143)	(199,181)
Net cash (used in)/generated from financing activities	(31,747)	50,022	18,275
Net increase in cash and cash equivalents	30,631	—	30,631

4. Segment reporting

The Group manages its businesses by business lines. 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 primarily 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

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets represent inventories only.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment profit is gross profit less distribution costs directly attributable to the segment.

(Expressed in thousands of Renminbi Yuan)

4. Segment reporting *(continued)*

(a) Segment result and assets *(continued)*

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							
	Retail		OEM		Others (i)		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**905,048**	838,772	**45,593**	40,162	**34,301**	18,765	**984,942**	897,699
Reportable segment revenue	**905,048**	838,772	**45,593**	40,162	**34,301**	18,765	**984,942**	897,699
Reportable segment profit	**450,274**	420,060	**5,367**	4,668	**20,065**	4,405	**475,706**	429,133

	Retail		OEM		Others (i)		Total	
	30 June 2012	31 December 2011	**30 June 2012**	31 December 2011	**30 June 2012**	31 December 2011	**30 June 2012**	31 December 2011
Reportable segment assets	**670,023**	622,192	**3,743**	3,942	**24,258**	6,838	**698,024**	632,972

(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.

(Expressed in thousands of Renminbi Yuan)

4. Segment reporting *(continued)*

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**950,641**	878,934
Other revenue	**34,301**	18,765
Consolidated turnover	**984,942**	897,699
Profit		
Reportable segment profit	**455,641**	424,728
Other profit	**20,065**	4,405
	475,706	429,133
Other revenue	**4,245**	50,194
Distribution costs	**(140,468)**	(123,831)
Administrative expenses	**(41,318)**	(40,485)
Other operating expenses	**(81,136)**	(28,963)
Net finance income	**6,326**	11,502
Consolidated profit before taxation	**223,355**	297,550

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**673,766**	626,134
Other inventories	**24,258**	6,838
Consolidated inventories	**698,024**	632,972
Non-current assets	**587,750**	582,569
Trade and other receivables, deposits and prepayments	**327,853**	571,775
Pledged bank deposits	**614,192**	555,992
Fixed deposits with banks	**247,992**	439,852
Cash and cash equivalents	**756,271**	379,629
Consolidated total assets	**3,232,082**	3,162,789

(Expressed in thousands of Renminbi Yuan)

5. Other revenue

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Liaison service income	**664**	332
Royalty income	**329**	4,233
Design and decoration income	**1,055**	4,008
Insurance compensation	**1,644**	1,274
Government subsidy (i)	**370**	40,300
Others	**183**	47
	4,245	50,194

(i) The subsidy received from local government authorities is unconditional. The Group may not receive government subsidy in the future.

6. Profit before taxation

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
(a) Net finance income		
Interest income	**(20,543)**	(8,529)
Net foreign exchange gain	**—**	(5,180)
Finance income	**(20,543)**	(13,709)
Interest expense on bank loans repayable within five years	**9,672**	2,489
Less: Interest expense capitalised into property, plant and equipment	**—**	(1,371)
Interest expense, net	**9,672**	1,118
Net foreign exchange loss	**3,271**	—
Others	**1,274**	1,089
Finance costs	**14,217**	2,207
Net finance income	**(6,326)**	(11,502)
(b) Other items		
Operating leases charges in respect of properties		
— minimum lease payments	**56,945**	47,063
— contingent rents	**155,369**	152,343
	212,314	199,406
Depreciation	**51,304**	42,015
Amortisation — lease prepayments	**43**	42
Cost of inventories (note 11)	**259,483**	193,797

(Expressed in thousands of Renminbi Yuan)

7. Income tax

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Current tax — PRC income tax	**71,757**	78,220
Deferred taxation	**(7,556)**	5,528
	64,201	83,748

(i) Pursuant to the rules and regulations of Bermuda, the Company is not subject to any income tax in Bermuda. Also, certain subsidiaries located in British Virgin Islands or Samoa Islands are not subject to any income tax in their local jurisdictions.

(ii) No provision for Hong Kong Profits Tax has been made during the six months ended 30 June 2012 and 2011 as the subsidiaries in Hong Kong had accumulated tax loss as at each period/year end.

(iii) 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 were previously 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, under the FEIT law, all the PRC subsidiaries were entitled to a tax holiday of a tax-free period for two years from their first profit-making year of operations and thereafter, to a 50% reduction of the applicable income tax rate for the following three years.

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 is unified at 25% effective from 1 January 2008 when the FEIT Law was ended. Pursuant to the transitional arrangement under the New Tax Law, the income tax rate applicable to the Group's PRC subsidiaries will be gradually increased from the applicable rate under the FEIT law 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 will be subject to the unified rate of 25%.

Pursuant to the New Tax Law, 10% withholding tax is levied on the foreign investor (foreign investors which are registered in Hong Kong and meet certain requirements specified in the relevant tax regulations in the PRC may be entitled to a preferential 5% rate), 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 2012, deferred tax liabilities of RMB78,273 thousand (31 December 2011: 70,061 thousand) have not been recognised in respect of the tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits earned by the Group's subsidiaries in the PRC will not be distributed in the foreseeable future.

(Expressed in thousands of Renminbi Yuan)

8. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2012 is based on the profit attributable to equity shareholders of the Company of RMB155,658 thousand (2011: RMB213,103 thousand) and the weighted average number of 567,139,386 (2011: 568,453,223) ordinary shares in issue during the period.

(i) Weighted average number of ordinary shares

	Six months ended 30 June	
	2012	2011
	Number of shares	*Number of shares*
Issued ordinary shares at 1 January	**568,775,719**	568,074,897
Effect of shares repurchased (note 18)	**(1,655,500)**	—
Effect of share options exercised	**19,167**	378,326
Weighted average number of ordinary shares at 30 June	**567,139,386**	568,453,223

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2012 is based on the profit attributable to equity shareholders of the Company of RMB155,658 thousand (2011: RMB213,103 thousand) and the weighted average number of 567,469,390 (2011: 572,716,901) ordinary shares in issue after adjusting for the effect of all dilutive potential ordinary shares under the Company's share option scheme.

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

	Six months ended 30 June	
	2012	2011
	Number of shares	*Number of shares*
Weighted average number of ordinary shares at 30 June	**567,139,386**	568,453,223
Effect of deemed issue of shares under the Company's share option scheme for nil consideration (note 18)	**330,004**	4,263,678
Weighted average number of ordinary shares (diluted) at 30 June	**567,469,390**	572,716,901

(Expressed in thousands of Renminbi Yuan)

9. Related party transactions

Transactions with the following entities are considered as related party transactions for the six months ended 30 June 2012 and 30 June 2011.

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
PORTS 1961 S.P.A	Fellow subsidiary company
Alfred Chan	Director of the Company and 50% equity interest holder of ultimate parent company
Edward Tan	50% equity interest holder of ultimate parent company
Ports of Knightsbridge Limited	Company over which Edward Tan and Alfred Chan have significant influence
北京賽特奧特萊斯商貿有限公司 (referred as "Beijing Scitech")	Company controlled by Alfred Chan and Edward Tan
廈門威益達汽車零配件有限公司 (referred as "Xiamen Weiyida")	Company of which Alfred Chan and Edward Tan are directors
廈門巴黎春天百貨有限公司 (referred as "Xiamen Paris Ltd.")	Company controlled by Alfred Chan

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

Particulars of significant transactions between the Group and the above related parties for the six months ended 30 June 2012 and 30 June 2011 are as follows:

(a) Transactions with key management personnel

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Short-term employee benefits	**1,818**	1,263
Equity compensation benefits	**149**	511
	1,967	1,774

9. Related party transactions *(continued)*

(b) Contribution to defined contribution retirement plans

The Group participates in a defined contribution plan managed by the local government authorities 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 RMB7,323 thousand for the six-month period ended 30 June 2012 (six-month period ended 30 June 2011: RMB5,314 thousand)

As at 30 June 2012 and 31 December 2011, there was no material outstanding contribution to post-employment benefit plans.

(c) Lease arrangement with Ports of Knightsbridge Limited

Ports of Knightsbridge Limited entered into a lease agreement (the "Principal agreement") dated 9 November 2010 with Societe Fonciere Lyonnaise ("SFL") to lease from SFL a property ("the Premises") located in Paris. Ports of Knightsbridge Limited also entered into a lease agreement (the "Sub-lease agreement") dated 5 December 2010 with the Group, pursuant to which the Group leased the Premises from Ports of Knightsbridge Limited. The lease terms under the Principal agreement and the Sub-lease agreement are both 12 years effective from 1 April 2011. In addition, annual rental charges under both agreements are the same, which amount to EUR 1,250,000 for the first year and will be adjusted with reference to certain index for the remaining lease period.

The Group entered into a Deed of Cancellation and Confirmation (the "Deed of Cancellation") and a Deed of Confirmation and Agency Agreement (the "New Agreement") dated 25 April 2012 with Ports of Knightsbridge Limited. Pursuant to the Deed of Cancellation, both parties confirmed and acknowledged that the Sub-lease agreement was cancelled, nullified and terminated as from 5 December 2010. Pursuant to the New Agreement, the Group confirmed and agreed that Ports of Knightsbridge Limited had been appointed as the Group's exclusive agent from 1 November 2010 for handling the lease of the Premises. In addition, the term of the agency shall be from 1 November 2010 for one year, but shall be automatically renewed on expiry of the term. All demands for payment, including but not limited to rent payments, security deposits, and bank guarantees shall be settled by Ports of Knightsbridge Limited on behalf of the Group and the Group shall reimburse Ports of Knightsbridge Limited for all such payments. The Group shall pay to Ports of Knightsbridge Limited an agency fee of 0.5% of the amount of any payments transmitted to Ports of Knightsbridge Limited by the Group for its services under the New Agreement.

For the six months period ended 30 June 2012, rental charges for the Premises amounted to Euro 625,000 (equivalent to RMB6,428 thousand) (six months period ended 30 June 2011: Euro 312,500, equivalent to RMB3,541 thousand), which had been paid to Ports of Knightsbridge Limited by the Group at 30 June 2012.

(Expressed in thousands of Renminbi Yuan)

9. Related party transactions *(continued)*

(d) Sales, purchases and rental charges for concession counters

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(Restated)
Sales of goods to:		
Ports International Retail Corporation	**1,642**	10,881
Purchases of goods from:		
PORTS 1961 S.P.A	**5,427**	290
Rental fee charged by:		
PCD Stores (Group) Limited and its subsidiaries (i)	**16,614**	12,483
Beijing Scitech (i)	**—**	3,985

(i) The Group leased a number of concession counters located within shopping arcades in the PRC owned by certain subsidiaries of PCD Stores (Group) Limited and Beijing Scitech. PCD Stores (Group) Limited completed the acquisition of Beijing Scitech in December 2011. Proceeds from the Group's sales made in these concession counters totaling RMB69,601 thousand and Nil for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB46,312 thousand and RMB20,921 thousand) were collected by PCD Stores (Group) Limited and Beijing Scitech respectively. Settlement in respect of these concession sales was made net of the lease rental payable to these two related parties.

(Expressed in thousands of Renminbi Yuan)

9. Related party transactions *(continued)*

(e) Other transactions

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(Restated)
Interest-free advances made to:		
PORTS 1961 S.P.A	**8,698**	10,316
Edward Tan (see note 14)	**2,084**	99
Ports of Knightsbridge Limited	**1,585**	1,495
Ports International Retail Corporation	**4,574**	—
Repayment of interest-free advances from:		
Edward Tan	**38,000**	—
Ports International Retail Corporation	**6,009**	—
Ports of Knightsbridge Limited	**6,097**	—
PORTS 1961 S.P.A	**40,119**	—
Ports International Group Limited	**4,849**	—
Interest-free advances from:		
Ports International Enterprises Limited	**114,228**	67,909
Repayment made by the Group for interest-free advances received from:		
Ports International Enterprises Limited	**273,683**	17,887
Interest expenses charged to:		
Edward Tan (see note 14)	**1,190**	—
Interest expense received from:		
Edward Tan (see note 14)	**953**	—
Expenditure paid by the Group on behalf of:		
Ports International Enterprises Limited	**1,377**	3,152
Ports International Retail Corporation	**502**	905
Edward Tan	**—**	132
Xiamen Weiyida	**375**	819
Xiamen Paris Ltd.	**98**	131
Expenses re-imbursement from:		
Ports International Enterprises Limited	**1,377**	—
Ports International Retail Corporation	**5,017**	—
Edward Tan	**368**	16
PORTS 1961 S.P.A	**213**	—
Xiamen Weiyida	**4,610**	—
Ports International Group Limited	**1,862**	—
Xiamen Paris Ltd.	**398**	—

(Expressed in thousands of Renminbi Yuan)

9. Related party transactions *(continued)*

(e) Other transactions *(continued)*

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(Restated)
Expenditure paid on behalf of the Group by:		
Ports International Enterprises Limited	**7**	—
Ports International Retail Corporation	**888**	2,035
Ports International Group Limited	**—**	173
Expenditure re-imbursement to:		
Ports International Enterprises Limited	**691**	—
Ports International Retail Corporation	**7,430**	—
Ports International Group Limited	**882**	—

10. Property, plant and equipment

	2012	2011
	RMB'000	*RMB'000*
Cost:		
Balance at 1 January	**793,918**	576,906
Acquisitions for the period/year	**51,206**	252,741
Disposals/adjustment for the period/year	**(21,650)**	(35,729)
Balance at 30 June/31 December	**823,474**	793,918
Depreciation:		
Balance at 1 January	**279,355**	227,866
Depreciation charge for the period/year	**51,304**	86,823
Disposals for the period/year	**(13,449)**	(35,334)
Balance at 30 June/31 December	**317,210**	279,355
Net book value:		
At 30 June/31 December	**506,264**	514,563

As at 30 June 2012, the application for the property ownership certificates of a building with a carrying amount of appropriately RMB268,489 thousand was still in progress (31 December 2011: RMB285,093 thousand).

(Expressed in thousands of Renminbi Yuan)

11. Inventories

Inventories comprise:

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Raw materials	**125,098**	116,085
Work in progress	**65,853**	39,039
Finished goods	**505,772**	474,237
Goods in transit	**1,301**	3,611
	698,024	632,972

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

	Six months ended 30 June	
	2012 *RMB'000*	2011 *RMB'000*
Cost of goods sold	**178,347**	164,834
Stock provision	**81,136**	28,963
	259,483	193,797

12. Trade and other receivables, deposits and prepayments

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Accounts receivable	**171,736**	208,938
Amounts due from related companies (note 14)	**18,172**	205,378
Advances to suppliers	**33,195**	46,908
Other receivables, deposits and prepayments	**104,750**	110,551
	327,853	571,775

(Expressed in thousands of Renminbi Yuan)

12. Trade and other receivables, deposits and prepayments *(continued)*

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

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Current	**117,349**	161,966
Less than 1 month past due	**39,154**	28,570
1–3 months past due	**14,821**	17,794
Over 3 months but less than 12 months past due	**412**	608
Amounts past due	**54,387**	46,972
	171,736	208,938

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

13. Balances and transactions with Jiazhong Company Limited

Included in other receivables and other payables are amounts due from/(to) Jiazhong Company Limited as follows:

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Due from Jiazhong Company Limited	**156**	—
Due to Jiazhong Company Limited	**—**	(21,351)

Jiazhong Company Limited, a company incorporated in the PRC, is held as to 40% by Ge Weiying and 60% by Liu Qinhua. During the year ended 31 December 2011, both Ge Weiying and Liu Qinhua were directors of Ports International Enterprises Limited, the ultimate parent company of the Group. The Board of Directors of the Company has determined that Jiazhong Company Limited is an independent third party, and not a related party of the Group, on the basis that the equity interest of Ge Weiying and Liu Qinhua are held on trust for the benefit of Huang Jun, who is an independent third party to the Group. During the six months period ended 30 June 2012, Liu Qinhua resigned as the director of Ports International Enterprises Limited.

(Expressed in thousands of Renminbi Yuan)

13. Balances and transactions with Jiazhong Company Limited *(continued)*

Particulars of significant transactions entered between the Group and Jiazhong Company Limited during the six months ended 30 June 2012 and 2011 are as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Sales of goods to Jiazhong Company Limited:	**260**	551
Purchase of goods from Jiazhong Company Limited:	**2,644**	3,283
Interest-free advances made to Jiazhong Company Limited:	**140,404**	148,078
Repayment of interest-free advances by Jiazhong Company Limited:	**140,404**	86,845
Repayment made by the Group for interest-free advances from Jiazhong Company Limited:	**21,351**	—
Expenditure paid by the Group on behalf of Jiazhong Company Limited	**19**	—
Expenses re-imbursement from Jiazhong Company Limited:	**19**	—

In addition to the above balance as at 31 December 2011, pursuant to an agreement dated 15 May 2012 entered amongst the Group, Jiazhong Company Limited and 廈門長和進出口有限公司 (referred as "Changhe Company Limited"), all parties acknowledged and confirmed that it had been agreed at the date of the transaction that interest-free advances of RMB30 million made by the Group to Changhe Company Limited during the year ended 31 December 2011 were to be settled by Jiazhong Company Limited on behalf of Changhe Company Limited.

Changhe Company Limited is a company incorporated in the PRC with three natural persons as shareholders. None of these individuals are directors or shareholders of the Company or the Company's parent companies. Liu Qinhua is one of the three directors of Changhe Company Limited. During the year ended 31 December 2011, the Group made interest-free advances to Changhe Company Limited totalling RMB90 million, of which RMB60 million had been repaid as at 31 December 2011 and the remaining RMB30 million was settled by Jiazhong Company Limited in May 2012 as mentioned above. The amount due from Changhe Company Limited was Nil and RMB4 thousand at 30 June 2012 and 31 December 2011 respectively.

(Expressed in thousands of Renminbi Yuan)

14. Amounts due from/(to) related companies

	The Group	
	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
Amounts due from related parties		
Ports International Retail Corporation (see note (i) below)	**5,406**	93,590
PCD Stores (Group) Limited and its subsidiaries	**12,529**	28,993
PORTS 1961 S.P.A	**—**	31,635
Ports International Group Limited	**—**	5,829
Edward Tan	**237**	36,284
Xiamen Weiyida	**—**	4,235
Ports of Knightsbridge Limited	**—**	4,512
Xiamen Paris Ltd.	**—**	300
	18,172	205,378

(i) In February 2012, the Group made an advance to Ports International Retail Corporation amounting to RMB4,574 thousand. This advance was settled in July 2012.

The Group entered into an agreement dated 5 April 2012 with Edward Tan. Pursuant to the agreement, both parties agreed that the advances made to Edward Tan of approximately RMB30 million during the year ended 31 December 2011 ("Tan Loans") are subject to an interest rate of 6.56 per cent per annum from the date of advances. The advances together with part of the loan interest were settled on 15 May 2012. The remaining balance of interest receivable amounting to RMB237 thousand was settled on 27 August 2012.

Except for the Tan Loans, which are interest-bearing pursuant to the agreement dated 5 April 2012, all amounts due from related parties are unsecured, interest-free and repayable on demand.

	The Group	
	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
Amounts due to related parties		
Ports International Enterprises Limited	**—**	160,139
PORTS 1961 S.P.A	**122**	—
	122	160,139

(Expressed in thousands of Renminbi Yuan)

15. Cash and cash equivalents

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

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Cash at bank and on hand	**224,682**	249,629
Time deposits with banks	**531,589**	130,000
	756,271	379,629

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

16. Trade payables, other payables and accruals

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Accounts payable	**86,466**	98,978
Other creditors and accruals	**176,327**	234,199
Amounts due to related parties (note 14)	**122**	160,139
Dividends payable to the equity shareholders of the Company	**135,350**	22
	398,265	493,338

An ageing analysis of accounts payable is as follows:

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Due within 1 month or on demand	**63,384**	74,978
Due after 1 month but within 3 months	**12,693**	15,778
Due after 3 month but within 6 months	**7,846**	6,376
Due after 6 month but within 12 months	**1,040**	783
Due after 1 year but within 2 years	**1,503**	1,063
	86,466	98,978

(Expressed in thousands of Renminbi Yuan)

17. Interest-bearing borrowings

	30 June 2012 ***RMB'000***	31 December 2011 *RMB'000*
Bank loans — unsecured	**289,874**	148,000
Bank loans — secured	**657,104**	553,992
Total	**946,978**	701,992

The bank loans of the Group have maturity terms of one month to twelve months and carry fixed interest rate during the borrowing period.

As at 30 June 2012, the banking facilities of the Group were secured by certain subsidiaries' fixed deposits of RMB588,232 thousand (31 December 2011: RMB555,992 thousand) placed with banks located in the PRC and Hong Kong. The Renminbi equivalent of banking facilities of the Group amounted to RMB983,509 thousand (31 December 2011: RMB701,992 thousand), of which RMB946,978 thousand were utilised as at 30 June 2012 (31 December 2011: RMB701,992 thousand).

18. Capital, reserves and dividends

(a) Share capital

During the six months ended 30 June 2012, 23,000 ordinary shares of HK$0.0025 each of the Company were issued for a total cash consideration of HK$265 thousand (equivalent to RMB216 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 18(d).

(b) Dividends

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

	Six months ended 30 June	
	2012 ***RMB'000***	2011 *RMB'000*
Special interim dividend proposed after the balance sheet date of RMB0.10 per share (2011: RMB nil per share)	**56,326**	—
Interim dividend proposed after the balance sheet date of RMB0.15 per share (2011: RMB0.25 per share)	**84,490**	142,169

The interim dividend proposed after the balance sheet date has not been recognized as a liability at the balance sheet date. The calculation of proposed interim dividend is based on 563,265,719 ordinary shares (excluding 600 thousand shares repurchased but not cancelled as at 30 June 2012) in issue as at 30 June 2012 (30 June 2011: 568,675,147 ordinary shares).

(Expressed in thousands of Renminbi Yuan)

18. Capital, reserves and dividends *(continued)*

(b) Dividends (continued)

(ii) Dividends payable to the equity shareholders of the Company attributable to the previous financial year

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved during the period of RMB0.24 per share (2011: RMB0.24 per share)	**135,328**	136,476

In respect of the final dividend for the year ended 31 December 2011, there was a difference of RMB1,178 thousand between the final dividend proposed in the 2011 annual report and the amount eventually approved during the six months ended 30 June 2012. The difference represents additional dividend distributable to the holders of shares which were issued upon the exercise of share options and reduced dividend distributable due to the share repurchase and cancellation before the closing date of the register of members based on which the final dividends for the year ended 31 December 2011 were actually proposed. The final dividend for the year ended 31 December 2011 was not paid as at 30 June 2012.

(c) Purchase of own shares

During the interim period, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month/Year	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate price paid**
		HK$	*HK$*	*HK$'000*
May 2012	4,400,000	7.91	7.00	32,518
June 2012	1,133,000	8.62	7.11	8,781
	5,533,000			41,299

4,933 thousand repurchased shares were cancelled as at 30 June 2012, 600 thousand repurchased shares were subsequently cancelled on 10 July 2012. The issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 40(2) (c) of the Bermuda Companies Act 1981, the premium paid on the repurchase of the shares of RMB33,420 thousand (HK$41,285 thousand) was deducted in share premium.

(Expressed in thousands of Renminbi Yuan)

18. Capital, reserves and dividends *(continued)*

(d) 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 2011.

A summary of option movements for the six months ended 30 June 2012 is presented below:

	Six months ended 30 June 2012		Year ended 31 December 2011	
	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$15.751**	**27,410,832**	HK$14.620	28,490,026
Exercised	**HK$11.532**	**(23,000)**	HK$12.631	(700,822)
Forfeited	**HK$17.320**	**(127,213)**	HK$17.320	(378,372)
Outstanding at end of period/year	**HK$16.192**	**27,260,619**	HK$16.194	27,410,832
Exercisable at the end of period/year	**HK$15.750**	**19,574,418**	HK$15.751	19,675,747

During the six months ended 30 June 2012, none of the Company's directors exercised options to subscribe for shares in the Company (2011: none).

Details of share options exercised during the six months ended 30 June 2012 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$12.78	HK$2,625	1,000
1 September 2006	HK$11.68	HK$12.34	HK$245,280	21,000
14 July 2009	HK$17.32	HK$12.34	HK$17,320	1,000

(Expressed in thousands of Renminbi Yuan)

19. Commitments

(a) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Less than one year	**66,534**	77,679
Between one and five years	**79,850**	94,419
More than five years	**58,968**	65,745
	205,352	237,843

The leases normally 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 2012 and 31 December 2011 but not provided for in the interim financial report were as follows:

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Contracted for	**—**	—
Authorised but not contracted for	**47,042**	76,564
	47,042	76,564

20. Subsequent event

(a) After the balance sheet date, the directors proposed an interim dividend on 30 August 2012. Further details are disclosed in note 18(b).

(b) Subsequent to the six months period ended 30 June 2012, the Group has repurchased 320 thousand ordinary shares for a total consideration of RMB2,110 thousand (HK$2,592 thousand).

OTHER INFORMATION

The Directors submit their interim report together with the unaudited financial results of the Group for the six months ended 30 June 2012.

Directors

The Directors of PORTS during the six months ended 30 June 2012 were:

Executive Directors
Mr. Edward Tan Han Kiat (Resigned with effect from 18 May 2012)
Mr. Alfred Chan Kai Tai (Chief Executive Officer)
Mr. Pierre Frank Bourque

Non-Executive Directors
Ms. Julie Ann Enfield (Resigned with effect from 19 April 2012)
Mr. Ian Richard Hylton (Appointed with effect from 27 April 2012)

Independent Non-Executive Directors
Mr. Rodney Ray Cone
Ms. Valarie Fong Wei Lynn
Mr. Peter Nikolaus Bromberger

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

As at 30 June 2012, 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")

Name of directors	Personal interest	Corporate interest	Total interest	% of total issued Shares
Mr. Alfred Chan Kai Tai[1]	450,000(L)[2]	235,445,273(L)	235,895,273(L)	41.84%(L)
		52,394,000(S)	52,394,000(S)	9.29(S)
Mr. Pierre Frank Bourque	130,000(L)[2]	0	130,000(L)	0.02%(L)
Mr. Ian Richard Hylton	80,000(L)	0	80,000(L)	<0.02%(L)
Mr. Rodney Ray Cone	110,000(L)[2]	0	110,000(L)	<0.02%(L)
Ms. Valarie Fong Wei Lynn	110,000(L)[2]	0	110,000(L)	<0.02%(L)
Mr. Peter Nikolaus Bromberger	0	0	0	0%

(L) — Long position

(S) — Short position

Note 1: Mr. Alfred Chan Kai Tai owns 50% shares of Ports International Enterprises Limited ("PIEL"). PIEL also holds a short position of 52,394,000 Shares. 235,445,273 Shares are owned by CFS International Inc. ("CFS"), a direct subsidiary of PIEL. Mr. Alfred Chan Kai Tai is deemed to be interested in 41.76% of the issued share capital of the Company by virtue of his 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. Mr. Alfred Chan Kai Tai owns 250,000 share options.

(ii) Share Options

Name of directors	Number of outstanding share options	% of issued share capital
Mr. Alfred Chan Kai Tai	250,000	0.04%
Mr. Pierre Frank Bourque	130,000	0.02%
Mr. Rodney Ray Cone	110,000	<0.02%
Ms. Valarie Fong Wei Lynn	110,000	<0.02%
Mr. Ian Richard Hylton	80,000	<0.02%

As at 30 June 2012, other than the holdings disclosed above, none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Details of the share options outstanding as at 30 June 2012 under the Scheme were as follows:

First Share option granted on 3 November 2003

	Options held at 1 Jan 2012	Options exercised during the period *(Note 2)*	Options canceled during the period	Exercise price per option *(HK$)* *(Note 1)*	Options held at 30 Jun 2012	Exercisable from	until
Mr. Rodney Ray Cone	60,000	0	0	2.625	60,000	3 Nov 2003	2 Nov 2013
Ms. Valarie Fong Wei Lynn	60,000	0	0	2.625	60,000	3 Nov 2003	2 Nov 2013
Continuous contract employees	315,427	1,000	0	2.625	314,427	3 Nov 2003	2 Nov 2013

Second Share option granted on 1 September 2006

	Options held at 1 Jan 2012	Options exercised during the period *(Note 2)*	Options canceled during the period	Exercise price per option *(HK$)* *(Note 1)*	Options held at 30 Jun 2012	Exercisable from	until
Mr. Pierre Frank Bourque	80,000	0	0	11.68	80,000	1 Sep 2006	31 Aug 2016
Continuous contract employees	4,258,859	21,000	0	11.68	4,237,859	1 Sep 2006	31 Aug 2016

Third Share option granted on 14 July 2009

	Options held at 1 Jan 2012	Options exercised during the period *(Note 2)*	Options canceled during the period	Exercise price per option *(HK$)*	Options held at 30 Jun 2012	Exercisable from	until
Mr. Edward Tan Han Kiat *(Note 3)*	250,000	0	0	17.32	250,000	14 Jul 2009	13 Jul 2019
Mr. Alfred Chan Kai Tai	250,000	0	0	17.32	250,000	14 Jul 2009	13 Jul 2019
Mr. Pierre Frank Bourque	50,000	0	0	17.32	50,000	14 Jul 2009	13 Jul 2019
Mr. Rodney Ray Cone	50,000	0	0	17.32	50,000	14 Jul 2009	13 Jul 2019
Ms. Valarie Fong Wei Lynn	50,000	0	0	17.32	50,000	14 Jul 2009	13 Jul 2019
Mr. Ian Richard Hylton	80,000	0	0	17.32	80,000	14 Jul 2009	13 Jul 2019
Continuous contract employees	21,936,546	1,000	127,213	17.32	21,808,333	14 Jul 2009	13 Jul 2019

Notes:

1. *The exercise price for each option 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.*

2. *The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK$12.49.*

3. *Mr. Edward Tan Han Kiat has resigned as the Chairman and an Executive Director of the Company with effect from 18 May 2012.*

On and subject to the terms of the 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 2012, 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:

Names of shareholders	Capacity	Total number of Shares held	% of issued share capital
Mr. Edward Tan Han Kiat[1]	Beneficial Owner	250,000(L)	0.04%(L)
	Interest of Controlled Corporation	235,445,273(L)	41.76%(L)
	Interest of Controlled Corporation	52,394,000(S)	9.29%(S)
CFS International Inc.[2]	Beneficial Owner	235,445,273(L)	41.76%(L)
Ports International Enterprises Limited[2]	Interest of Controlled Corporation	235,445,273(L)	41.76%(L)
	Beneficial Owner	52,394,000(S)	9.29%(S)
Government of Singapore Investment Corp. Pte. Ltd	Interest of Controlled Corporation	41,303,417(L)	7.33%(L)
FIL Limited	Investment Manager	31,926,500(L)	5.66%(L)

(L) — Long position

(S) — Short position

Notes:

1. *Mr. Edward Tan Han Kiat has resigned as the Chairman and an Executive Director of the Company with effect from 18 May 2012. Mr. Edward Tan Han Kiat is deemed to be interested in a long position of 235,445,273 Shares as well as a short position of 52,394,000 Shares held by PIEL by virtue of Mr. Edward Tan Han Kiat's interest in PIEL.*

2. *PIEL is deemed to be interested in the 235,445,273 Shares held by CFS by virtue of PIEL's interest in CFS. Please also see Note 1 on page 50.*

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 2012 as recorded in the register required to be kept under section 336 of the SFO.

Purchase, Sales or Redemption of Listed Securities

During the 1H2012, the Company repurchased a total of 5,533,000 ordinary shares of the Company at an aggregate purchase price of HK$41.3 million (RMB33.4 million) on the Stock Exchange. Among the repurchased shares, 4,933,000 shares were cancelled before the 30 June 2012. 600,000 repurchased shares were left uncancelled as at 30 June 2012 and were subsequently cancelled on 10 July 2012. Particulars of the shares repurchased are as follow:

Month of repurchase	No. of ordinary shares repurchased	Purchase price paid per share (HK$)		Aggregate consideration paid
	('000)	*Highest*	*Lowest*	*(HK$'000)*
May 2012	4,400	7.91	7.00	32,518
June 2012	1,133	8.62	7.11	8,781
Total	5,533			41,299

After the period end and up to 30 August 2012, an additional 320,000 shares were repurchased at an aggregate consideration of HK$2.6 million (RMB2.1 million).

Save as disclose above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during 1H2012.

Significant Events

There have been no significant events affecting the Group which have occurred since 30 June 2012.

Proposed Interim Dividend

The Board recommended an interim dividend and special interim dividend for 1H2012 of RMB0.15 and RMB0.10 in cash per share respectively (collectively the "Dividend"), payable to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 22 October 2012. The Dividend will be payable on 30 October 2012.

Closure of Register of Members

For the purpose of ascertaining the shareholders' entitlement to the proposed Dividend, the register of members of the Company will be closed from Thursday, 18 October 2012 to Monday, 22 October 2012, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for the proposed Dividends, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 17 October 2012.

CORPORATE INFORMATION

Directors

Executive Directors:

Mr. Alfred Chan Kai Tai *(Chief Executive Officer)*
Mr. Pierre Frank Bourque

Non-executive Director:

Mr. Ian Richard Hylton

Independent Non-executive Directors:

Mr. Rodney Ray Cone
Ms. Valarie Fong Wei Lynn
Mr. Peter Nikolaus Bromberger

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361021

Principal Place of Business in Hong Kong

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Kwun Tong
Kowloon, Hong Kong

Company Secretary

Ms. Irene Fung Mei Wong

Authorized Representatives

Mr. Alfred Chan Kai Tai
Suite 102, Sunbeam Center
27 Shing Yip Street
Kowloon
Hong Kong

Ms. Irene Fung Mei Wong
37G, Block 1
The Merton, 28 New Praya
Kennedy Town, Hong Kong

Audit Committee

Mr. Rodney Ray Cone *(Chairman)*
Ms. Valarie Fong Wei Lynn
Mr. Peter Nikolaus Bromberger

Remuneration Committee

Mr. Alfred Chan Kai Tai *(Chairman)*
Mr. Rodney Ray Cone
Mr. Peter Nikolaus Bromberger

Nomination Committee

Mr. Alfred Chan Kai Tai *(Chairman)*
Mr. Rodney Ray Cone
Ms. Valarie Fong Wei Lynn

Principal Share Registrar and Transfer Office

Appleby Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
17M, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Principal Bankers

Hong Kong & Shanghai Banking Corporation Limited, Xiamen Branch

Bank of China (Hong Kong) Limited, International Finance Centre Branch

Company Website

www.portsdesign.com

Stock Code

00589.HK


BMW Yachtsport
BMW Yachtsport

BMW Lifestyle

Sheer
Driving Pleasure