PORTS
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PORTS DESIGN LIMITED

INTERIM REPORT 2013

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

CONTENTS

CORPORATE PROFILE

ABOUT PORTS

PORTS DESIGN LIMITED (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, wholesale, retail distribution of ladies' and men's fashion garments and accessories such as shoes, handbags, eyewear, scarves and fragrances in Mainland China, Hong Kong, Macau and the U.S., under the PORTS brand name. As at 30 June 2013, the Group operated 371 retail stores. The Group currently operates most of its business activities in the PRC market and is one of the leading international fashion companies in China.

The Group markets and sells its PORTS branded products in the PRC through concessions in major department stores, retail stores located in upscale shopping arcades 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.

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.

The Group reports its businesses under "Retail" and "Others" segments. Retail segment mainly comprises the PORTS and BMW Lifestyle retail business. Others segment comprises the OEM business (which exports merchandise branded under brands requested by its OEM customers in North America, Europe and Asia), wholesale of PORTS branded eyewear products, exports of BMW Lifestyle goods to North America and Europe as well as the wholesale of other PORTS branded merchandize.

CORPORATE INFORMATION

Directors

Executive Directors:

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

Non-executive Director:

Mr. Ian Hylton

Independent non-executive Directors:

Mr. Lin Tao[1]
Mr. Antonio Gregorio[2]
Mr. Zheng Wanhe[2]
Mr. Peter Bromberger[3]

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Headquarters

No. 698, Qiaoying Road
Jimei District
Xiamen, China 361021

Principal Place of Business in Hong Kong

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

Company Secretary

Ms. Irene Wong

Authorized Representatives

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

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

Note 1: Mr. Lin Tao's appointment was effective from 31 July 2013
Note 2: Mr. Antonio Gregorio and Mr. Zheng Wanhe's appointments were effective from 23 August 2013
Note 3: Mr. Peter Bromberger's resignation was effective from 31 July 2013

Audit Committee

Mr. Lin Tao[1] *(Chairman)*
Mr. Antonio Gregorio[2]
Mr. Zheng Wanhe[2]
Mr. Peter Bromberger[3]

Remuneration Committee

Mr. Zheng Wanhe[2] *(Chairman)*
Mr. Alfred Chan
Mr. Lin Tao[1]
Mr. Peter Bromberger[3]

Nomination Committee

Mr. Alfred Chan *(Chairman)*
Mr. Lin Tao[1]
Mr. Antonio Gregorio[2]

Principal Share Register 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

SUMMARY OF FINANCIAL INFORMATION

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

	For the six months ended 30 June		For the year ended 31 December				
	2013	2012	2012	2011	2010	2009	2008
Results							
Turnover	**1,076**	985	2,098	1,985	1,718	1,538	1,489
Profit from operations	**205**	217	481	566	510	524	454
Profit attributable to shareholders	**140**	156	351	430	473	468	422

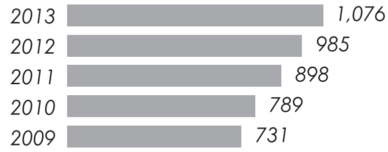
	As at 30 June		As at 31 December				
	2013	2012	2012	2011	2010	2009	2008
Assets and liabilities							
Non-current assets	**691**	588	703	583	396	315	206
Current assets	**2,331**	2,644	2,318	2,580	2,007*	2,516*	1,684
Current liabilities	**1,011**	1,384	1,087	1,312	746*	1,466*	778
Net current assets	**1,320**	1,260	1,231	1,268	1,261	1,050	906
Total assets less current liabilities	**2,011**	1,848	1,933	1,851	1,657	1,365	1,112
Non-current liabilities	**92**	6	81	7	8	7	—
Total equity attributable to equity shareholders of the Company	**1,903**	1,828	1,839	1,833	1,649	1,358	1,112

* *Restated*

Turnover
(RMB million)

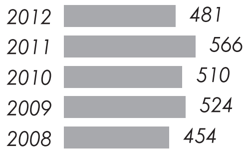
For the year ended 31 December

For the six months ended 30 June

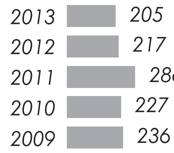


Profit from Operations
(RMB million)

For the year ended 31 December

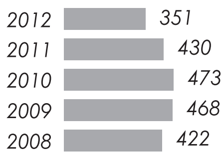


For the six months ended 30 June

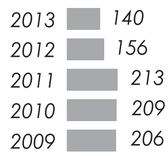


Profit Attributable to Shareholders
(RMB million)

For the year ended 31 December

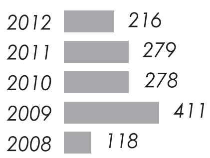


For the six months ended 30 June

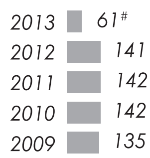


Dividend History*
(RMB million)

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 RMB0.11 per share totaling RMB61.0 million declared for the six months ended 30 June 2013.

STATEMENT OF THE CHIEF EXECUTIVE OFFICER

After undergoing a tough period of time for the retail industry in 2012, retailers across the globe, in particular for those in the luxury segment, continue to struggle in a difficult economic environment that has been extended to the first half of 2013. Global economic growth appears to be less than optimistic, driven by weak domestic demand and slower than expected growth in several key emerging market economies, and the mild recovery among key member countries in the European Union is not helpful to the situation. Nonetheless, the latest published retail sales data of China has revealed a ray of dawn from the darkness, following the general economic downturn and lower than expected China's GDP growth in the early 2013.

It is against this background where the Group has managed to record an encouraging performance in the first half of 2013, in which the total revenues of the Group for the first half of 2013 have been increased by 9.2% when compared with the first half of 2012.

Our dedication and efforts to strive for the best design, products and shopping experience, coupled with penetrative marketing and promotional activities in different channels have proven to be rewarding. PORTS remains one of the top preferable brands in the eyes of the Chinese consumers according to the survey conducted by "HURAN" in spite of fierce competition among the top tier international fashion brands in the Chinese market. Apart from strengthening our success in the Chinese market, we also set our sight on the international fashion arena to which we always belong and our participation in Milan Fashion Week since 2012 has always been seen as one of the most important events in this regard. In June 2013, PORTS menswear has received tremendous positive industry coverage from both local and foreign media following its showcase in the Milan Fashion Week 2013. The talent and hard work of our staff again has been highly recognized within the fashion industry.

Brand awareness is always important to a fashion label company so that our concept can always be introduced and appealed to all fashion lovers. As such, the Group has been involved in a variety of marketing and promotional campaigns, such as sponsoring different cosmopolitan events which attract nationwide spotlight. In particular, we are glad to be one of the major sponsors of a box-office hit film "Finding Mr. Right". The leading actress Tang Wei, were seen wearing the latest Ports fashion at our New York store in the Meat Packing District, as well as throughout this romantic comedy movie.

Product and segment diversification is an essential component in providing long term growth momentum to the Group. During the first half of 2013, we have introduced a new diffusion line "PORTS PINK" to the market, which aims to broaden our offering to customers of different segments and age group. Since the introduction of the "PORTS PINK", we are pleased that this diffusion line have received enthusiastic response from the consumers as well as the fashion critics.

Apart from our continuous efforts in brand building and segment diversification, the Group has never lost its attention in identifying the best possible retail outlets to our customers and channels to our followers. Recognizing the growing popularity of shopping in large scale outlet mall set-up, we have recently opened two factory outlet stores in Toronto and Chicago respectively. Whilst offering an opportunity to customers to purchase off-season merchandize at a very attractive discount, outlet operation has also been regarded as an important inventory management strategy. In addition, we are also fully aware of and acknowledge the importance of online sales and marketing channel. In this connection, our information technology team should earn its acclaim in consistently improving our official website, which displays and presents our brand, concept and design in a very contemporaneous, artistic and fashionable layout. At the same time, we are also working with different online distribution platforms with appropriate pedigree and positioning in order to leverage third party's retail sales coverage across the globe, in addition to our own online sales platform. We will continue to assess and analyze the effectiveness of our online distribution (including the collaboration with other partners) to ensure that we can fully reap the benefit of the growing importance of digital transaction.

"In the middle of difficulty lies opportunity". With the hard work, experience and determination of our outstanding management team as well as the solid foundation of our financial condition, we remain very optimistic towards the future of the Group. Last but not the least, I would like to take this opportunity to express my sincere thankfulness to all our employees for their untiring efforts.

Alfred Chan
Chief Executive Officer

30 August 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

TURNOVER

Turnover of the Group increased from RMB984.9 million in 1H2012 to RMB1,075.6 million in 1H2013, representing an increase of 9.2%. Turnover comprises two different segments: Retail and Others.

Retail Turnover

Retail turnover rose from RMB905.0 million in 1H2012 to RMB976.1 million in 1H2013, representing a growth rate of 7.9%. Such increase was contributed by the increased of the average retail selling price and sales volume throughout 1H2013. As at 30 June 2013, the Group operated 371 retail stores in the PRC, Hong Kong, Macau and the U.S. as compared with 392 retail stores as at 31 December 2012. The net decrease of stores were mainly due to the repositioning of certain stores and prudent store expansion management policy amid uncertain economic condition in general. The contribution from Retail segment to total turnover decreased from 91.9% in 1H2012 to 90.7% in 1H2013.

Others Turnover

Others turnover increased by 24.6%, from RMB79.9 million in 1H2012 to RMB99.5 million in 1H2013. Such increase was predominantly resulted from the full period contribution of the income from the eyewear wholesale business. The contribution from Others segment to total turnover increased from 8.1% in 1H2012 to 9.3% in 1H2013.

GROSS PROFIT

Gross profit rose from RMB806.6 million in 1H2012 to RMB881.4 million in 1H2013, representing an increase of 9.3%. Gross profit margin stood at 81.9% in 1H2013 (1H2012: 81.9%).

Retail Gross Profit

Retail gross profit increased by 8.4% from RMB781.2 million in 1H2012 to RMB846.5 million in 1H2013. Retail gross profit margin slightly increased to 86.7% in 1H2013 (1H2012: 86.3%).

Others Gross Profit

Others gross profit increased from RMB25.4 million in 1H2012 to RMB34.9 million in 1H2013, representing an increase of 37.3%. Others gross profit margin increased from 31.8% in 1H2012 to 35.1% in 1H2013. The contribution from eyewear business, which generated a higher profit margin as compared with other components, accounted for the increase in gross profit margin.

OTHER REVENUE AND OTHER NET EXPENSE

Other revenue 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 decreased by 43.6%, from RMB4.2 million in 1H2012 to RMB2.4 million in 1H2013.

Other net expense was RMB1.0 million, which was mainly constituted by the net unrealized loss on trading securities.

OPERATING EXPENSES

Operating expenses increased from RMB593.8 million in 1H2012 to RMB678.1 million in 1H2013, representing an increase of 14.2%. 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 and promotion fee. Distribution costs increased from RMB471.4 million in 1H2012 to RMB524.6 million in 1H2013, representing an increase of 11.3% (1H2012 versus 1H2011: 10.2%). The increase was mainly due to the notable increases in rental charges, salaries and benefits, depreciation charges as well as advertising costs and promotion fee. Distribution costs as a percentage of Retail turnover increased to 53.7% in 1H2013 (1H2012: 52.1%).

Rental charges increased by 11.3% (1H2012 versus 1H2011: 3.3%) from RMB206.0 million in 1H2012 to RMB229.3 million in 1H2013. Rental charges as a percentage of Retail turnover has risen to 23.5% in 1H2013 (1H2012: 22.8%). Such increase was due to the general upgrading of our stores network towards the higher end locations, whereupon the rental charges in general are higher.

Salaries and benefits to retail sales staff increased from RMB100.3 million in 1H2012 to RMB107.6 million in 1H2013, representing an increase of 7.2% (1H2012 versus 1H2011: 13.2%). Salaries and benefits as a percentage of Retail turnover remain stable at 11.0% in 1H2013 (1H2012: 11.1%).

Depreciation charges increased from RMB42.6 million in 1H2012 to RMB56.5 million in 1H2013, representing an increase of 32.7%. These increases are attributed by the increase in investment in store decoration and fitting out works in order to upgrade our stores layout.

Advertising costs and promotion fee, including the consultancy fee in relation to our brand development, increased by 11.1%, from RMB38.3 million in 1H2012 to RMB42.6 million in 1H2013. As a percentage of Retail turnover, it was increased from 4.2% in 1H2012 to 4.4% in 1H2013.

Store and mall expenses increased by 5.0%, from RMB43.7 million in 1H2012 to RMB45.9 million in 1H2013.

Administrative expenses

Administrative expenses increased from RMB41.3 million in 1H2012 to RMB53.4 million in 1H2013, representing an increase of 29.1%. Administrative expenses as a percentage of total turnover increased to 5.5% (1H2012: 4.6%).

Salaries and benefits for administrative staff, the single largest category of administrative expenses, increased from RMB24.4 million in 1H2012 to RMB31.2 million in 1H2013, representing an increase of 27.9%. The increase was mainly due to the overseas market exploration as commenced in the second half of 2012 which called for the allocation of further resources. Salaries and benefits for administrative staff as a percentage of total turnover increased slightly to 2.9% (1H2012: 2.5%). Depreciation expenses and other miscellaneous expenses are also attributable to the overall increase in the administrative expenses.

Other operating expenses

Other operating expenses increased from RMB81.1 million in 1H2012 to RMB100.2 million in 1H2013, representing an increase of 23.5% or RMB19.0 million due to 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. In 1H2013, the stock provision made as a percentage of Retail turnover increased to 10.3% (1H2012: 9.0%).

PROFIT FROM OPERATIONS

The Group's profit from operations decreased from RMB217.0 million in 1H2012 to RMB204.7 million in 1H2013, representing a decrease of 5.7% or RMB12.4 million. The Group's operating margin (i.e. profit from operations expressed as a percentage of total turnover) declined from 22.0% in 1H2012 to 19.0% in 1H2013.

NET FINANCE INCOME

Net finance income increased from RMB6.3 million in 1H2012 to RMB10.7 million in 1H2013, representing an increase of 69.7%. In 1H2013, the Group reported an interest income of RMB17.4 million, representing a decrease of RMB3.1 million, from RMB20.5 million in 1H2012. On the other hand, interest expense for the Group increased by RMB4.0 million, from RMB9.7 million in 1H2012 to RMB13.6 million in 1H2013 due to the monthly weighted average borrowing amount increased in 1H2013 as compared with 1H2012. The Group recorded an exchange gain of RMB8.5 million in 1H2013, as compared to a loss of RMB3.3 million in 1H2012. Our Hong Kong dollars ("HK$") and United States dollars ("US$") denominated borrowings were the causes of the change from having an exchange loss in 1H2012 to recording an exchange gain in 1H2013. The reason is that the US$ and HK$ denominated borrowings depreciated against RMB in 1H2013 while they appreciated in 1H2012.

INCOME TAX

The Group's income tax expense increased by 8.6% from RMB64.2 million in 1H2012 to RMB69.7 million in 1H2013. The effective income tax rate increased from 28.7% in 1H2012 to 32.4% in 1H2013 due to the increase in overseas market investment which did not enjoy tax deduction in China.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

As a result of the factors discussed above, profit attributable to shareholders of the Company decreased from RMB155.7 million in 1H2012 to RMB139.7 million in 1H2013, representing a decrease of 10.3%.

FINANCIAL POSITION, LIQUIDITY AND GEARING RATIO

As at 30 June 2013, the Group had RMB1,365.3 million (as at 31 December 2012: RMB1,292.3 million) in cash and cash equivalents, fixed deposits with banks and pledged bank deposits. As at 30 June 2013, the Group had interest-bearing borrowings of RMB834.3 million, decreased from RMB845.4 million as at 31 December 2012 in connection with the Group's treasury management strategy and offshore dividend payment arrangement.

Net cash generated from operations activities was RMB201.4 million in 1H2013 as compared with RMB186.7 million in 1H2012, representing an increase of 7.9% due to the lower income tax paid during 1H2013.

As at 30 June 2013, the Group's gearing ratio was 43.5% based on outstanding borrowings and total equity of RMB1,919.2 million (as at 31 December 2012: 45.6%). As at 30 June 2013, the current ratio was 2.31 based on current assets of RMB2,331.1 million and current liabilities of RMB1,010.7 million (as at 31 December 2012: 2.13).

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 2013, the Group had capital commitments of RMB81.3 million, as compared with RMB117.3 million as at 31 December 2012, which was authorized but not contracted for. 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 and other operations. As at 30 June 2013, the Group had cash, cash equivalents, fixed deposits with banks and pledged bank deposits of RMB1,365.3 million, denominated principally in RMB, US$, HK$ and Euros.

Interest-bearing borrowings of the Group, as at 30 June 2013, was RMB834.3 million, comprised of bank loans denominated in RMB, US$ and HK$, with maturities spreading over the next two years. All of the borrowings were at fixed interest rate.

As at 30 June 2013, net cash of the Group was RMB531.0 million. The Directors believe that this healthy capital structure and the net cash inflow from operating activities are sufficient to support the operating activities of the Group.

CHARGES ON ASSETS

As at 30 June 2013, the Group's bank deposits in the amount of RMB498.6 million were pledged to secure banking facilities and bank borrowings granted to the Group.

HUMAN RESOURCES

As at 30 June 2013, the Group had approximately 5,000 employees. Total personnel expenses, comprised of wages, salaries and benefits, amounted to RMB193.1 million in 1H2013, as compared with RMB178.6 million in 1H2012, representing an increase of 8.1%. In 1H2013, total personnel expenses as a percentage of the Group's turnover was at 17.9% (1H2012: 18.1%).

CORPORATE GOVERNANCE

The Company strives to maintain and improve the corporate governance practices within the Group. Below is a summary of the key areas in this regard:

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 to the Listing Rules. Based on the specific enquiry to all Directors, during 1H2013, each of the Directors has confirmed that they have complied with the required standards as set out in the Model Code. Reminder will be sent to the Board prior to the commencement of each black-out period in respect of dealings in securities of the Company.

Code on Corporate Governance Practices

The Company is committed to adhere to the principles and comply with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code during the period from 1 January 2013 to 30 June 2013 as set out in Appendix 14 to the Listing Rules.

As disclosed in the Company's announcements dated 28 April 2013 and 11 July 2013, Mr. Rodney Cone and Ms. Valarie Fong have resigned as independent non-executive Directors and have ceased to be members of our Audit Committee, Nomination Committee and Remuneration Committee (for Mr. Rodney Cone only) with effect from 30 May 2013 and Mr. Peter Bromberger has resigned as independent non-executive Director and has ceased to be member of our Audit Committee and Remuneration Committee with effect from 31 July 2013. In compliance with the Listing Rules and the Code on Corporate Governance Practices, the Company announced on 11 July 2013 and 23 August 2013 that Mr. Lin Tao was appointed as an independent non-executive Director, chairman of our Audit Committee and member of our Nomination Committee and Remuneration Committee with effect from 31 July 2013, and Mr. Antonio Gregorio and Mr. Zheng Wanhe were appointed as independent non-executive Directors and members of our Audit Committee, Nomination Committee (for Mr. Antonio Gregorio only) and Remuneration Committee (for Mr. Zheng Wanhe only and as chairman) with effect from 23 August 2013.

In the circumstances, (i) the number of the independent non-executive Directors has met the minimum number required under Rule 3.10(1) of the Listing Rules; (ii) the number of members of the Audit Committee has met the minimum number required under Rule 3.21 of the Listing Rules and the terms of reference of the Audit Committee; (iii) the requirement for the chairman of Audit Committee under Rule 3.21 of the Listing Rules; and (iv) the requirements for the chairman as well as the proportion of the independent non-executive Directors within the Remuneration Committee as stipulated in Rule 3.25 of the Listing Rules have been complied with.

Review of Accounts

The unaudited condensed consolidated accounts of the Company and its subsidiaries for 1H2013 have been reviewed by our Audit Committee. The Company's auditors have attended our Audit Committee meeting to explain and address the issues raised by the committee members.

Our Audit Committee consists of three independent non-executive Directors, namely, Mr. Lin Tao (Chairman), Mr. Antonio Gregorio and Mr. Zheng Wanhe, with terms of reference in compliance with the Listing Rules.

Internal Control

The Board is supportive of the development of a sound and effective internal control environment. To this end, the Company has appointed FTI Consulting as the adviser on internal control in 2012. Following the recommendation of FTI Consulting and with reference to the actual operations of the Group, the Company has adopted and implemented various practices with the intention of strengthening the internal control and risk management processes of the Group. Regular training is given to the staff in the accounting and finance departments and seminars are also conducted to update relevant staff and management on the applicable regulations under the Listing Rules or other applicable law. Apart from that, accounting entries for transactions recording are now subject to review from time to time to ensure that adequate check and balance among different working teams are achieved. In addition, the information technology department of the Company has revamped the computer system so that payment approval ceiling policy could be implemented and executed effectively.

Directors

The Directors during the six months ended 30 June 2013 were:

Executive Directors
Mr. Alfred Chan *(Chief Executive Officer)*
Mr. Pierre Bourque

Non-executive Director
Mr. Ian Hylton

Independent non-executive Directors
Mr. Rodney Cone (resigned with effect from 30 May 2013)
Ms. Valarie Fong (resigned with effect from 30 May 2013)
Mr. Peter Bromberger (resigned with effect from 31 July 2013)

Directors' and Chief Executives' Interests

As at 30 June 2013, 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	Total interest	% of total issued Shares
Mr. Alfred Chan[1]	450,000(L)[2]	235,706,273(L)	236,156,273(L)	42.60%(L)
	0	52,394,000(S)	52,394,000(S)	9.45%(S)
Mr. Pierre Bourque	130,000(L)[2]	0	130,000(L)	0.02%(L)
Mr. Ian Hylton	80,000(L)[2]	0	80,000(L)	<0.02%(L)

(L) — Long position

(S) — Short position

Note 1: Mr. Alfred Chan 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 is deemed to be interested in 42.52% of the issued share capital of the Company by virtue of his interest in PIEL pursuant to Part XV of the SFO.

Note 2: These interests include interests in options granted by the Company under its Share Option Scheme. Mr. Alfred Chan owns 250,000 share options. For further details, please refer to page 23.

(ii) Share Options

	Number of outstanding share options	% of issued share capital
Mr. Alfred Chan	250,000	0.04%
Mr. Pierre Bourque	130,000	0.02%
Mr. Ian Hylton	80,000	<0.02%

As at 30 June 2013, other than the holdings disclosed above, none of the Directors or chief executive 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.

Share Option Scheme

The Company adopted a Share Option Scheme (the "Scheme") pursuant to the resolutions of the shareholders of the Company passed on 14 October 2003:

1. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group.

2. The participants of the Scheme are (i) any employee of the Company, any of its subsidiaries or any entity in which any member of the Group holds an equity interest ("Invested Entity"), including any executive director of the Company, any of its subsidiaries or any Invested Entity; (ii) any non-executive Directors (including independent non-executive Directors) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; and (v) any person or entity that provides research, development or technological support to any member of the Group or any Invested Entity.

3. Unless otherwise approved by shareholders in general meeting, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Scheme to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company from time to time.

4. An option may be exercised in whole or in part in accordance with the terms of the Scheme at any time during a period to be notified by the Directors to each grantee. The period for exercise may commence on the date upon which the offer for grant of options is made ("Offer Date") but shall expire on the day immediately preceding the tenth anniversary of the Offer Date.

5. An option may be accepted by a participant within 28 days from the Offer Date of grant of the option.

6. The subscription price for shares under the Scheme, subject to any adjustment stipulated therein, shall be a price determined by the Directors, but shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations on the Offer Date; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

7. The options granted under the Scheme shall be exercisable within a period of 10 years commencing on 3 November 2003 for the initial share option grant, 1 September 2006 for the second share option grant and 14 July 2009 for the third share option grant, respectively.

8. As at 30 June 2013, the total number of securities available for issue under the Scheme is 5,553,152 which constitutes 1.0% of the total issued share capital of the Company.

Details of the share options outstanding as at 30 June 2013 under the Scheme were as follows:

First batch of Share option granted on 3 November 2003 (exercisable from 3 November 2003 until 2 November 2013 at exercise price of HK$2.625[1])

	Outstanding options held at 1 Jan 2013	Options exercised during the period *(Note 2)*	Options canceled during the period	Outstanding options held at 30 Jun 2013
Continuous contract employees	295,760	66,934	0	228,826
Others	120,000	120,000	0	0

Second batch of Share option granted on 1 September 2006 (exercisable from 1 September 2006 until 31 August 2016 at exercise price of HK$11.68)

	Outstanding options held at 1 Jan 2013	Options exercised during the period *(Note 2)*	Options canceled during the period	Outstanding options held at 30 Jun 2013
Mr. Pierre Bourque	80,000	0	0	80,000
Continuous contract employees	4,237,859	0	0	4,237,859

Third batch of Share option granted on 14 July 2009 (exercisable from 14 July 2009 until 13 July 2019 at exercise price of HK$17.32)

	Outstanding options held at 1 Jan 2013	Options exercised during the period *(Note 2)*	Options canceled during the period	Outstanding options held at 30 Jun 2013
Mr. Alfred Chan	250,000	0	0	250,000
Mr. Pierre Bourque	50,000	0	0	50,000
Mr. Ian Hylton	80,000	0	0	80,000
Continuous contract employees	21,895,766	0	411,627	21,484,139
Others	100,000	0	0	100,000

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$6.41.*

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 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 2013, 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
CFS International Inc.[1]	Beneficial Owner	235,445,273(L)	42.48%(L)
Ports International Enterprises Limited[1]	Interest of Controlled Corporation	235,445,273(L)	42.48%(L)
	Beneficial Owner	261,000(L)	0.05%(L)
	Beneficial Owner	52,394,000(S)	9.45%(S)
Edward Tan[2]	Interest of Controlled Corporation	235,706,273(L)	42.52%(L)
	Interest of Controlled Corporation	52,394,000(S)	9.45%(S)
	Beneficial Owner	250,000(L)	0.05%(L)
FIL Limited	Investment Manager	50,154,000(L)	9.05%(L)
Denver Investment Advisors LLC	Investment Manager	44,585,155(L)	8.04%(L)

(L) — Long position

(S) — Short position

Notes:

1. *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 21.*

2. *Mr. Edward Tan is deemed to be interested in a long position of 235,706,273 Shares and a short position of 52,394,000 Shares by virtue of Mr. Edward Tan's interest in PIEL.*

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 2013 as recorded in the register required to be kept under section 336 of the SFO.

Purchase, Sales or Redemption of the Company's Listed or Redeemable Securities

During 1H13, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed or redeemable securities.

Significant Events

There have been no significant events affecting the Group which have occurred since 30 June 2013.

Proposed Interim Dividend

The Board recommended an interim dividend for 1H2013 of RMB0.11 in cash per share, payable to the shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 5 November 2013. The Dividend will be payable on Friday, 15 November 2013.

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 Monday, 4 November 2013 to Wednesday, 6 November 2013, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for the proposed dividend to be payable on Friday, 15 November 2013, 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 1 November 2013.

PORTS DESIGN LIMITED
UNAUDITED INTERIM
FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2013

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 31 to 58 which comprises the consolidated balance sheet of Ports Design Limited (the "Company") as at 30 June 2013 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 2013 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

30 August 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2013 (unaudited)
(Expressed in thousands of Renminbi Yuan, except share and per share data)

	Note	Six months ended 30 June 2013 RMB'000	2012 RMB'000
Turnover	3	**1,075,647**	984,942
Cost of sales		**(194,223)**	(178,347)
Gross profit		**881,424**	806,595
Other revenue	4(a)	**2,396**	4,245
Other net expense	4(b)	**(1,024)**	—
Distribution costs		**(524,619)**	(471,357)
Administrative expenses		**(53,354)**	(41,318)
Other operating expenses		**(100,168)**	(81,136)
Profit from operations		**204,655**	217,029
Finance income		**25,960**	20,543
Finance costs		**(15,224)**	(14,217)
Net finance income	5(a)	**10,736**	6,326
Profit before taxation	5	**215,391**	223,355
Income tax	6	**(69,709)**	(64,201)
Profit for the period		**145,682**	159,154
Other comprehensive income for the period, (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of:			
— Financial statements of overseas subsidiaries		**1,598**	45
Total comprehensive income for the period		**147,280**	159,199
Profit attributable to:			
Equity shareholders of the Company		**139,696**	155,658
Non-controlling interests		**5,986**	3,496
Profit for the period		**145,682**	159,154
Total comprehensive income attributable to:			
Equity shareholders of the Company		**141,292**	155,703
Non-controlling interests		**5,988**	3,496
Total comprehensive income for the period		**147,280**	159,199
Earnings per share (RMB)			
— Basic	7	**0.25**	0.27
— Diluted	7	**0.25**	0.27

The notes on pages 35 to 58 form part of this unaudited interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 19.

CONSOLIDATED BALANCE SHEET
at 30 June 2013 (unaudited)
(Expressed in thousands of Renminbi Yuan)

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Non-current assets			
Lease prepayments		**3,229**	3,272
Property, plant and equipment	9	**488,852**	514,144
Deferred tax assets		**118,743**	105,190
Non-current pledged bank deposits	10	**80,000**	80,000
		690,824	702,606
Current assets			
Trading securities	16	**1,994**	—
Inventories	11	**702,335**	730,021
Trade and other receivables, deposits and prepayments	12	**341,467**	375,557
Pledged bank deposits	10	**418,592**	411,517
Fixed deposits with banks		**439,407**	369,959
Cash and cash equivalents	15	**427,258**	430,787
		2,331,053	2,317,841
Current liabilities			
Trade payables, other payables and accruals	17	**236,086**	280,342
Interest-bearing borrowings	18	**761,398**	771,221
Current taxation		**13,207**	35,411
		1,010,691	1,086,974
Net current assets		**1,320,362**	1,230,867
Total assets less current liabilities		**2,011,186**	1,933,473
Non-current liabilities			
Trade payables, other payables and accruals	17	**13,288**	—
Interest-bearing borrowings	18	**72,909**	74,169
Deferred tax liabilities		**5,764**	6,391
		91,961	80,560
Net assets		**1,919,225**	1,852,913
Capital and reserves			
Share capital	19	**1,473**	1,473
Reserves		**1,901,523**	1,837,441
Total equity attributable to equity shareholders of the Company		**1,902,996**	1,838,914
Non-controlling interests		**16,229**	13,999
Total equity		**1,919,225**	1,852,913

Approved and authorised for issue by the board of directors on 30 August 2013.

Alfred Chan
Chief Executive Officer

Pierre Bourque
Executive Director

The notes on pages 35 to 58 form part of this unaudited interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2013 (unaudited)
(Expressed in thousands of Renminbi Yuan)

		Six months ended 30 June	
		2013	2012
	Note	***RMB'000***	*RMB'000*
Cash generated from operations		**307,495**	343,327
Income tax paid		**(106,094)**	(156,648)
Net cash generated from operating activities		**201,401**	186,679
Net cash (used in)/generated from investing activities		**(110,286)**	170,331
Net cash (used in)/generated from financing activities		**(94,644)**	19,632
Net (decrease)/increase in cash and cash equivalents		**(3,529)**	376,642
Cash and cash equivalents at 1 January	*15*	**430,787**	379,629
Cash and cash equivalents at 30 June	*15*	**427,258**	756,271

The notes on pages 35 to 58 form part of this unaudited interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2013 (unaudited)
(Expressed in thousands of Renminbi Yuan)

		Attributable to equity shareholders of the Company									
	Note	**Share capital** *RMB'000*	**Capital reserve — staff share 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 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 declared in respect of the previous year	19(b)	—	—	—	—	—	—	(135,328)	(135,328)	—	(135,328)
Purchase of own shares:	19(c)										
— par value paid		(11)	—	—	—	—	—	—	(11)	—	(11)
— premium paid		—	—	—	(33,420)	—	—	—	(33,420)	—	(33,420)
Shares issued under share option scheme	19(d)	—	(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
Balance at 1 January 2013		1,473	126,830	61,419	442,400	58,031	566	1,148,195	1,838,914	13,999	1,852,913
Profit for the period		—	—	—	—	—	—	139,696	139,696	5,986	145,682
Other comprehensive income		—	—	—	—	—	1,596	—	1,596	2	1,598
Total comprehensive income for the period		—	—	—	—	—	1,596	139,696	141,292	5,988	147,280
Dividends declared in respect of the previous year	19(b)	—	—	—	—	—	—	(77,602)	(77,602)	—	(77,602)
Dividends to holders of non-controlling interests		—	—	—	—	—	—	—	—	(3,758)	(3,758)
Shares issued under share option scheme	19(d)	—	(165)	—	557	—	—	—	392	—	392
Balance at 30 June 2013		1,473	126,665	61,419	442,957	58,031	2,162	1,210,289	1,902,996	16,229	1,919,225

The notes on pages 35 to 58 form part of this unaudited interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
for the six months ended 30 June 2013
(Expressed in thousands of Renminbi Yuan)

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 2013 comprises the Company and its subsidiaries (together referred to as the "Group").

The 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 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 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 2012 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 2012.

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 30.

The financial information relating to the financial year ended 31 December 2012 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 2012 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2013.

2. Changes in accounting policies

The IASB has issued a number of new IFRSs and amendments to IFRSs 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:

- Amendments to IAS 1, *Presentation of financial statements — Presentation of other comprehensive income*
- IFRS 10, *Consolidated financial statements*
- IFRS 12, *Disclosure of interests in other entities*
- IFRS 13, *Fair value measurement*
- Amendments to IFRS 7 — *Disclosures — Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to IAS 1, Presentation of financial statements, Presentation of other comprehensive income

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit of loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and International SIC 12 *Consolidation — Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting IFRS 12.

2. Changes in accounting policies *(continued)*

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial report. The Group has provided those disclosures in note 20. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to IFRS 7 — Disclosures — Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7.

3. 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 one reportable segment.

- 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.

(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)

3. 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		**Others(*)**		**Total**	
	2013	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**976,109**	905,048	**99,538**	79,894#	**1,075,647**	984,942
Reportable segment revenue	**976,109**	905,048	**99,538**	79,894#	**1,075,647**	984,942
Reportable segment profit	**474,526**	450,274	**34,928**	25,432#	**509,454**	475,706

	Retail		**Others(*)**		**Total**	
	30 June 2013	31 December 2012	**30 June 2013**	31 December 2012	**30 June 2013**	31 December 2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment assets	**654,272**	691,361	**48,063**	38,660	**702,335**	730,021

(*) Revenue from segments below the quantitative thresholds are mainly attributable to three operating segments of the Group. Those segments include OEM sales, export sales and wholesales. None of those segments met any of the quantitative thresholds for determining reportable segments. OEM sales, which did not meet the quantitative thresholds in both 2013 and 2012, was aggregated within others. The comparative figure was also restated as marked with # in note 3(a) and 3(b) below.

(Expressed in thousands of Renminbi Yuan)

3. Segment reporting *(continued)*

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**976,109**	905,048#
Other revenue	**99,538**	79,894#
Consolidated turnover	**1,075,647**	984,942

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**474,526**	450,274#
Other profit	**34,928**	25,432#
	509,454	475,706
Other revenue and other net expense	**1,372**	4,245
Distribution costs	**(153,724)**	(140,468)
Administrative expenses	**(52,279)**	(41,318)
Other operating expenses	**(100,168)**	(81,136)
Net finance income	**10,736**	6,326
Consolidated profit before taxation	**215,391**	223,355

	30 June	31 December
	2013	2012
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**654,272**	691,361
Other inventories	**48,063**	38,660
Consolidated inventories	**702,335**	730,021
Non-current assets	**690,824**	702,606
Trading securities	**1,994**	—
Trade and other receivables, deposits and prepayments	**341,467**	375,557
Pledged bank deposits	**418,592**	411,517
Fixed deposits with banks	**439,407**	369,959
Cash and cash equivalents	**427,258**	430,787
Consolidated total assets	**3,021,877**	3,020,447

(Expressed in thousands of Renminbi Yuan)

4. Other revenue and other net expense

(a) Other revenue

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Liaison service income	**606**	664
Royalty income	**30**	329
Design and decoration income	**772**	1,055
Insurance compensation	**685**	1,644
Government subsidy (i)	**155**	370
Others	**148**	183
	2,396	4,245

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

(b) Other net expense

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Net unrealised loss on trading securities	**(1,004)**	—
Net loss on sales of property, plant and equipment	**(20)**	—
	(1,024)	—

(Expressed in thousands of Renminbi Yuan)

5. Profit before taxation

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

		Six months ended 30 June	
		2013	2012
		RMB'000	*RMB'000*
(a)	**Net finance income**		
	Interest income	**(17,439)**	(20,543)
	Net foreign exchange gain	**(8,521)**	—
	Finance income	**(25,960)**	(20,543)
	Interest expense on bank loans repayable within five years	**13,647**	9,672
	Interest expense, net	**13,647**	9,672
	Net foreign exchange loss	**—**	3,271
	Others	**1,577**	1,274
	Finance costs	**15,224**	14,217
	Net finance income	**(10,736)**	(6,326)
(b)	**Other items**		
	Operating leases charges in respect of properties		
	— minimum lease payments	**67,278**	56,945
	— contingent rents	**160,079**	155,369
		227,357	212,314
	Depreciation	**66,640**	51,304
	Amortisation — lease prepayments	**43**	43
	Cost of inventories (note 11)	**294,391**	259,483

(Expressed in thousands of Renminbi Yuan)

6. Income tax

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Current tax—PRC income tax	**76,748**	71,757
Deferred taxation	**(7,039)**	(7,556)
	69,709	64,201

(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 2013 and 2012 as the subsidiaries in Hong Kong had accumulated tax loss as at each period/year end.

(iii) All PRC subsidiaries are subject to income tax rate at 25% for the six months ended 30 June 2013 and 2012 under the Enterprise Income Tax law ("EIT law") which was enacted on 16 March 2007.

Pursuant to the EIT 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 2013, deferred tax liabilities of RMB86,935 thousand (31 December 2012: 82,602 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)

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2013 is based on the profit attributable to equity shareholders of the Company of RMB139,696 thousand (2012: RMB155,658 thousand) and the weighted average number of 554,182,659 (2012: 567,139,386) ordinary shares in issue during the period.

(i) Weighted average number of ordinary shares

	Six months ended 30 June	
	2013 ***Number of shares***	2012 *Number of shares*
Issued ordinary shares at 1 January	**554,114,386**	568,775,719
Effect of shares repurchased (note 19)	**—**	(1,655,500)
Effect of share options exercised	**68,273**	19,167
Weighted average number of ordinary shares at 30 June	**554,182,659**	567,139,386

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2013 is based on the profit attributable to equity shareholders of the Company of RMB139,696 thousand (2012: RMB155,658 thousand) and the weighted average number of 554,389,540 (2012: 567,469,390) 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	
	2013 ***Number of shares***	2012 *Number of shares*
Weighted average number of ordinary shares at 30 June	**554,182,659**	567,139,386
Effect of deemed issue of shares under the Company's share option scheme for nil consideration (note 19)	**206,881**	330,004
Weighted average number of ordinary shares (diluted) at 30 June	**554,389,540**	567,469,390

(Expressed in thousands of Renminbi Yuan)

8. Related party transactions

Transactions with the following entities are considered as related party transactions for the six months ended 30 June 2013 and 30 June 2012.

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 (i)	Company of which Alfred Chan and Edward Tan are directors
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
廈門威益達汽車零配件有限公司(ii) (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
北京愛尚春天電子商務有限公司 (referred as "Beijing Aishang")	Company controlled by Alfred Chan and Edward Tan

(i) Shareholders of PCD Stores (Group) Limited, Bluestone Global Holdings Limited ("Bluestone", which is wholly owned by Ports International Enterprises Limited) and Portico Global Limited ("PGL"), entered into an agreement ("the agreement") with WFJ International ("王府井國際") on 31 January 2013. Pursuant to the agreement, Bluestone and PGL agreed to sell 39.53% of the entire issued share capital of PCD Stores (Group) Limited to WFJ International. Upon completion of the transaction on 28 June 2013, PCD Stores (Group) Limited ceased to be a fellow subsidiary company of the Group. However, both Alfred Chan and Edward Tan were directors of PCD Stores (Group) Limited as at 30 June 2013. Thus, PCD Stores (Group) Limited and its subsidiaries is still a related party of the Group.

Edward Tan resigned as director and Alfred Chan resigned as Chairman of PCD Stores (Group) Limited on 2 July 2013. Alfred Chan remains as an executive director of PCD Stores (Group) Limited.

(ii) Xiamen Weiyida was liquidated during the six months ended 30 June 2013.

(Expressed in thousands of Renminbi Yuan)

8. Related party transactions *(continued)*

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 2013 and 30 June 2012 are as follows:

(a) Transactions with key management personnel

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Short-term employee benefits	**2,753**	1,818
Equity compensation benefits	**—**	149
	2,753	1,967

(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 RMB8,799 thousand for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB7,323 thousand).

As at 30 June 2013 and 31 December 2012, there was no material outstanding contribution to post-employment benefit plans.

(Expressed in thousands of Renminbi Yuan)

8. Related party transactions *(continued)*

(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 ended 30 June 2013, rental charges for the Premises amounted to Euro651,744 (equivalent to RMB6,657 thousand) (six months ended 30 June 2012: Euro625,000, equivalent to RMB6,428 thousand), which had been paid to Ports of Knightsbridge Limited by the Group at 30 June 2013.

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Sales of goods to:		
Ports International Retail Corporation	**5,657**	1,642
Purchases of goods from:		
PORTS 1961 S.P.A	**—**	5,427
Rental fee charged by:		
PCD Stores (Group) Limited and its subsidiaries (i)	**17,830**	16,614
Commission fee charged by:		
Beijing Aishang	**255**	—

(Expressed in thousands of Renminbi Yuan)

8. Related party transactions *(continued)*

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

(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. Proceeds from the Group's sales made in these concession counters totaling RMB80,482 thousand for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB69,601 thousand) were collected by PCD Stores (Group) Limited. Settlement in respect of these concession sales was made net of the lease rental payable to these related parties.

(e) Other transactions

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Interest-free advances made to:		
PORTS 1961 S.P.A	—	8,698
Edward Tan (see note 14)	—	2,084
Ports of Knightsbridge Limited	—	1,585
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
Repayment made by the Group for interest-free advances received from:		
Ports International Enterprises Limited	—	273,683
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
Ports International Retail Corporation	**313**	502
Edward Tan	—	—
Xiamen Weiyida	—	375
Xiamen Paris Ltd.	—	98

(Expressed in thousands of Renminbi Yuan)

8. Related party transactions *(continued)*

(e) Other transactions *(continued)*

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Expenses re-imbursement from:		
Ports International Enterprises Limited	**—**	1,377
Ports International Retail Corporation	**—**	5,017
Edward Tan	**—**	368
PORTS 1961 S.P.A	**—**	213
Xiamen Weiyida	**—**	4,610
Ports International Group Limited	**—**	1,862
Xiamen Paris Ltd.	**—**	398
Expenditure paid on behalf of the Group by:		
Ports International Enterprises Limited	**—**	7
Ports International Retail Corporation	**—**	888
Expenditure re-imbursement to:		
Ports International Enterprises Limited	**—**	691
Ports International Retail Corporation	**—**	7,430
Ports International Group Limited	**—**	882
Receipt on behalf of the Group by:		
Ports International Retail Corporation	**73**	—
Deposits received from:		
PCD Stores (Group) Limited and its subsidiaries	**300**	—

(Expressed in thousands of Renminbi Yuan)

9. Property, plant and equipment

	2013	2012
	RMB'000	*RMB'000*
Cost:		
Balance at 1 January	**863,515**	793,918
Acquisitions for the period/year	**41,381**	116,831
Disposals/adjustment for the period/year	**(29,723)**	(47,234)
Balance at 30 June/31 December	**875,173**	863,515
Depreciation:		
Balance at 1 January	**349,371**	279,355
Depreciation charge for the period/year	**66,640**	109,214
Disposals/adjustment for the period/year	**(29,690)**	(39,198)
Balance at 30 June/31 December	**386,321**	349,371
Net book value:		
At 30 June/31 December	**488,852**	514,144

As at 30 June 2013, the application for the property ownership certificates of a building with a carrying amount of appropriately RMB259,519 thousand was still in progress (31 December 2012: RMB264,004 thousand).

10. Pledged bank deposits

An analysis of the balance of pledged bank deposits is set out below:

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Pledged bank deposits maturing within one year		
— For interest bearing borrowings (see note 18)	**130,000**	130,000
— For guarantee (see note 18)	**262,450**	260,000
— Others	**26,142**	21,517
	418,592	411,517
Pledged bank deposits maturing after one year but within two years		
— For guarantee (see note 18)	**80,000**	80,000
	498,592	491,517

(Expressed in thousands of Renminbi Yuan)

11. Inventories

Inventories comprise:

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Raw materials	**78,411**	95,204
Work in progress	**50,585**	54,075
Finished goods	**570,902**	578,322
Goods in transit	**2,437**	2,420
	702,335	730,021

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Cost of goods sold	**194,223**	178,347
Stock provision	**100,168**	81,136
	294,391	259,483

(Expressed in thousands of Renminbi Yuan)

12. Trade and other receivables, deposits and prepayments

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Accounts receivable	**192,168**	232,995
Amounts due from related companies (note 14)	**31,506**	21,113
Advances to suppliers	**21,474**	27,276
Other receivables, deposits and prepayments	**96,319**	94,173
	341,467	375,557

An ageing analysis of accounts receivable, based on the due date, is as follows:

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Current	**136,940**	167,899
Less than 1 month past due	**31,765**	51,720
1–3 months past due	**17,861**	11,351
Over 3 months but less than 12 months past due	**5,602**	2,025
Amounts past due	**55,228**	65,096
	192,168	232,995

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

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 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 2013 and 2012 are as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Sales of goods to Jiazhong Company Limited:	—	260
Purchase of goods from Jiazhong Company Limited:	—	2,644
Interest-free advances made to Jiazhong Company Limited:	—	140,404
Repayment of interest-free advances by Jiazhong Company Limited:	—	140,404
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 transactions, 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 Group had no balances with Jiazhong Company Limited or Changhe Company Limited as at 30 June 2013 and 31 December 2012.

14. Amounts due from/(to) related companies

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Amounts due from related companies		
Ports International Retail Corporation	**5,731**	1,091
Beijing Aishang	**728**	—
PCD Stores (Group) Limited and its subsidiaries	**25,047**	20,022
	31,506	21,113

(Expressed in thousands of Renminbi Yuan)

14. Amounts due from/(to) related companies *(continued)*

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.

	30 June 2013 ***RMB'000***	31 December 2012 *RMB'000*
Amounts due to related companies		
PCD Stores (Group) Limited and its subsidiaries	**300**	—
	300	—

15. Cash and cash equivalents

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

	30 June 2013 ***RMB'000***	31 December 2012 *RMB'000*
Cash at bank and on hand	**212,258**	203,787
Time deposits with banks	**215,000**	227,000
	427,258	430,787

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

(Expressed in thousands of Renminbi Yuan)

16. Trading securities

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Equity securities listed in PRC	**1,994**	—

17. Trade payables, other payables and accruals

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Current		
Accounts payable	**71,865**	81,213
Amounts due to related companies (note 14)	**300**	—
Other creditors and accruals	**163,912**	199,129
Dividends payable to the equity shareholders of the Company	**9**	—
	236,086	280,342
Non-current		
Other creditors and accruals	**13,288**	—
Total	**249,374**	280,342

An ageing analysis of accounts payable, based on the due date, is as follows:

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Due within 1 month or on demand	**54,275**	58,439
Due after 1 month but within 3 months	**10,280**	18,606
Due after 3 months but within 6 months	**1,921**	1,489
Due after 6 months but within 12 months	**2,989**	897
Due after 1 year but within 2 years	**2,400**	1,782
	71,865	81,213

(Expressed in thousands of Renminbi Yuan)

18. Interest-bearing borrowings

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Bank loans repayable within one year or on demand		
— Secured	**152,426**	155,092
— Unsecured	**608,972**	616,129
	761,398	771,221
Bank loans repayable after one year but within two years		
— Unsecured	**72,909**	74,169
	834,307	845,390

The bank loans of the Group have maturity terms within two years and carry fixed interest rate during the borrowing period.

As at 30 June 2013, the current banking facilities of the Group were secured by certain subsidiaries' fixed deposits of RMB130,000 thousand (31 December 2012: RMB130,000 thousand) placed with banks located in the PRC.

As at 30 June 2013, certain unsecured banking facilities of the Group were guaranteed. The guarantee was secured by certain subsidiaries' fixed deposits of RMB342,450 thousand (31 December 2012: RMB340,000 thousand), placed with banks located in the PRC.

The Renminbi equivalent of banking facilities of the Group amounted to RMB1,134,307 thousand (31 December 2012: RMB1,051,108 thousand) of which RMB1,041,307 thousand (31 December 2012: RMB1,041,390 thousand) were utilised as at 31 December 2012.

19. Capital, reserves and dividends

(a) Share capital

During the six months ended 30 June 2013, 186,934 ordinary shares of HK$0.0025 each of the Company were issued for a total cash consideration of HK$491 thousand (equivalent to RMB392 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 19(d).

(Expressed in thousands of Renminbi Yuan)

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

(b) Dividends

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Special interim dividend proposed after the balance sheet date of RMB Nil per share (2012: RMB0.10 per share)	**—**	56,326
Interim dividend proposed after the balance sheet date of RMB0.11 per share (2012: RMB0.15 per share)	**60,973**	84,490

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 554,301,320 ordinary shares in issue as at 30 June 2013 (30 June 2012: 563,265,719 ordinary shares).

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved during the period of RMB0.14 per share (2012: RMB0.24 per share)	**77,602**	135,328

In respect of the final dividend for the year ended 31 December 2012, there was a difference of RMB26 thousand between the final dividend proposed in the 2012 annual report and the amount eventually approved during the six months ended 30 June 2013. The difference represents additional dividend distributable to the holders of shares which were issued upon the exercise of share options before the closing date of the register of members based on which the final dividends for the year ended 31 December 2012 were actually proposed. The final dividend for the year ended 31 December 2012 was paid as at 30 June 2013.

(c) Purchase of own shares

During the six months ended 30 June 2013, the Company did not repurchase any ordinary shares.

During the six months ended 30 June 2012, the Company repurchased and cancelled 5,533,000 ordinary shares at a total cost of RMB33,431,000.

(Expressed in thousands of Renminbi Yuan)

19. 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 2012.

A summary of option movements for the six months ended 30 June 2013 is presented below:

	Six months ended 30 June 2013		Year ended 31 December 2012	
	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$16.196**	**27,109,385**	HK$16.194	27,410,832
Exercised	**HK$2.625**	**(186,934)**	HK$7.541	(41,667)
Forfeited	**HK$17.320**	**(411,627)**	HK$17.320	(259,780)
Outstanding at end of period/year	**HK$16.275**	**26,510,824**	HK$16.196	27,109,385
Exercisable at the end of period/year	**HK$16.275**	**26,510,824**	HK$16.196	27,109,385

During the six months ended 30 June 2013, two of the Company's directors exercised options to subscribe for shares in the Company (2012: none), both of whom resigned on 30 May 2013.

Details of share options exercised during the six months ended 30 June 2013 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$6.40	HK$490,702	186,934

(Expressed in thousands of Renminbi Yuan)

20. Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value

Fair value hierarchy

		Fair value measurements at 30 June 2013 using		
	Fair value at 30 June 2013 *RMB'000*	**Quoted prices in active market for identical assets (Level 1)** *RMB'000*	**Significant other observable inputs (Level 2)** *RMB'000*	**Significant unobservable inputs (Level 3)** *RMB'000*
Recurring fair value measurement				
Financial assets:				
Trading securities	1,994	1,994	—	—

During the six months ended 30 June 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

21. Commitments

(a) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	30 June 2013 ***RMB'000***	31 December 2012 *RMB'000*
Less than one year	**123,085**	94,877
Between one and five years	**336,740**	147,113
More than five years	**261,725**	62,804
	721,550	304,794

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 2013 and 31 December 2012 but not provided for in the interim financial report were as follows:

	30 June 2013 ***RMB'000***	31 December 2012 *RMB'000*
Authorised but not contracted for	**81,294**	117,264

22. Subsequent event

After the balance sheet date, the directors proposed an interim dividend on 30 August 2013. Further details are disclosed in note 19(b).

BMW Lifestyle

Sheer
Driving Pleasure