

# Interim Turnover Announcement

For the 6 months ended 30 June 2005

**PORTS**  
1961



# A strong start

- Retail turnover increased 27% over the same period last year, with strong momentum experienced in both OEM and BMW exports
- Hong Kong PORTS stores now reaching 30.5% same store sales growth over the same period last year
- PORTS 1961 International collection introduced at Saks Fifth Avenue in New York and San Francisco, and at Harvey Nichols in Dubai
- Significant improvement in net profit margin in first half of 2005 compared with the same period last year.



# PORTS Retail

- PORTS flagship stores now open in Shanghai, Beijing, Chongqing, Hangzhou, and a new store is planned for the fall in Nanjing
- Continued to strengthen the PORTS brand through advertising and promotion, and through highly visible flagship stores
- Surveys by independent third parties continue to rank PORTS as one of the most popular brands in the PRC
- New duties restricting Chinese nationals from importing goods greater than RMB5000 in value is expected to stimulate further spending on high-end retail in China





BMW Lifestyle



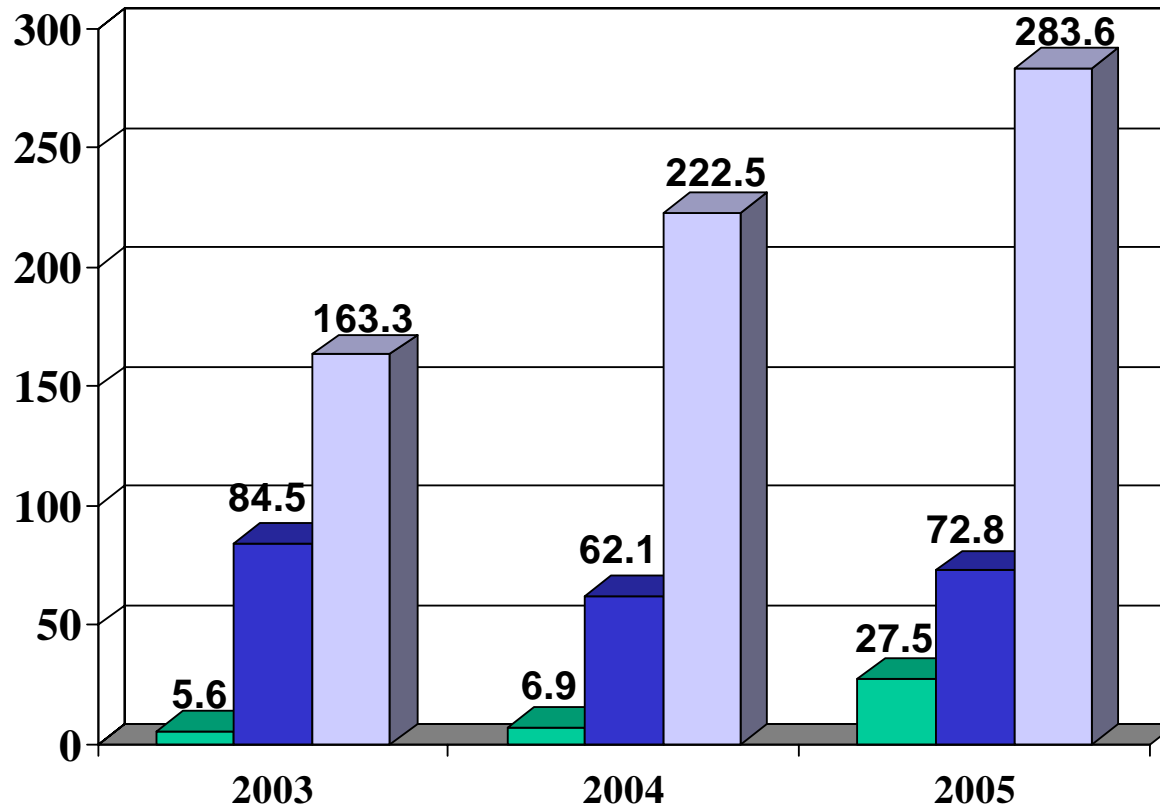
Sheer  
Driving Pleasure

- During the first 6 months of 2005, a BMW Lifestyle store recorded the highest sales in the Company's entire network for 2 consecutive months
- BMW Lifestyle retail sales in China doubled during the first half of 2005, compared with the same period last year
- Ports re-signed the exclusive agreement with BMW for an additional 3 years at the start of 2005
- Exports of BMW Lifestyle products still experiencing strong growth



# Increasing top line growth

Segment turnover, 1<sup>st</sup> Half 2005  
(in RMB millions)



# Operating Expenditures

- Capital expenditures incurred from renovations and manufacturing and distribution upgrades totaled approximately RMB30 million in the first half of 2005
- Dividends increased 35% in the first half of 2005 compared to the same period last year. Increasing from RMB35.1 million in the first half of 2004 to RMB47.5 million in the first half of 2005
- Euro depreciation affected cash reserves by RMB4.2 million, net cash at the end of June 2005 was RMB346.6 million compared with RMB308.5 at the end of June 2004



# The 2<sup>nd</sup> half of 2005

- Starting in 2<sup>nd</sup> half of 2005, dividend payout ratio will increase from 40% to 60% of earnings
- Factory expansion and renovations will complete in 2<sup>nd</sup> half 2005, slowing the current rate of capital expenditure
- PORTS retail strategy amended, reducing the number of new store openings to increase profitability by generating more efficiency through same store sales growth



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