

A woman with her hair in a bun, wearing a black, short-sleeved, button-up dress with a cinched waist and a pleated skirt. She is standing on a train platform, holding a black clutch bag in her right hand and a large, round, vintage suitcase in her left hand. The background shows the arched steel structure of a train station with tracks and a platform. The lighting is warm and golden, suggesting late afternoon or early morning.

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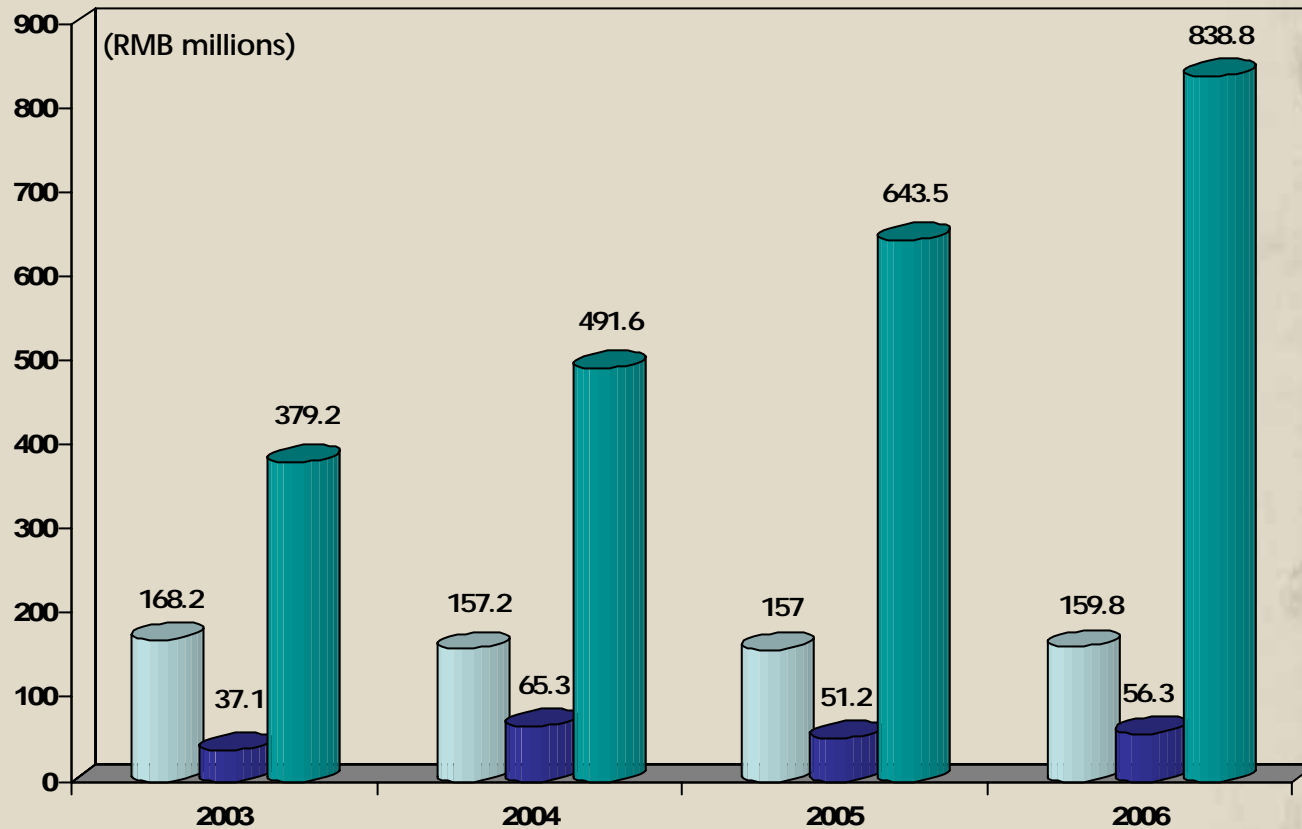
Ports Design Limited  
2006 Annual Results

# 2006 Overview

- ☒ Turnover increased 23.86% over 2005 to RMB1.055 billion in 2006
- ☒ Retail segment continued to grow in terms of its importance to the Group, increasing contribution to overall Company turnover from 75.56% in 2005 to 79.51% in 2006
- ☒ Gross Profit increased 31.97% over 2005 to RMB733.6 million in 2006, and gross profit margin increased from 65.27% in 2005 to 69.54% in 2006
- ☒ Profit from operations increased 50.57% over 2005 to RMB280.0 million, and operating margin increased from 21.83% in 2005 to 26.54% in 2006, mainly due to the increased overall contribution from the high-margin retail segment and increasing benefits of economies of scale
- ☒ Net Profit increased 53.88% over 2005 to RMB254 million, and net profit margin increased from 19.38% in 2005 to 24.08% in 2006
- ☒ The Company continues to enjoy a strong financial position, with approximately RMB412.7 million in cash and cash equivalents and time deposits (2005: RMB346.7 million,) and a gearing ratio of zero as at 31 December 2006
- ☒ Earnings per share increased from RMB0.30 in 2005 to RMB0.46 in 2006, an increase of 53.33%

# Turnover

□ OEM ■ Other ■ Retail



Turnover growth	2003	2004	2005	2006
	24.47%	22.2%	19.27%	23.86%

Segment turnover	2003	2004	2005	2006
Other	6.35%	9.14%	6.01%	5.34%
OEM	28.78%	22.02%	18.43%	15.15%
Retail	64.87%	68.84%	75.56%	79.51%



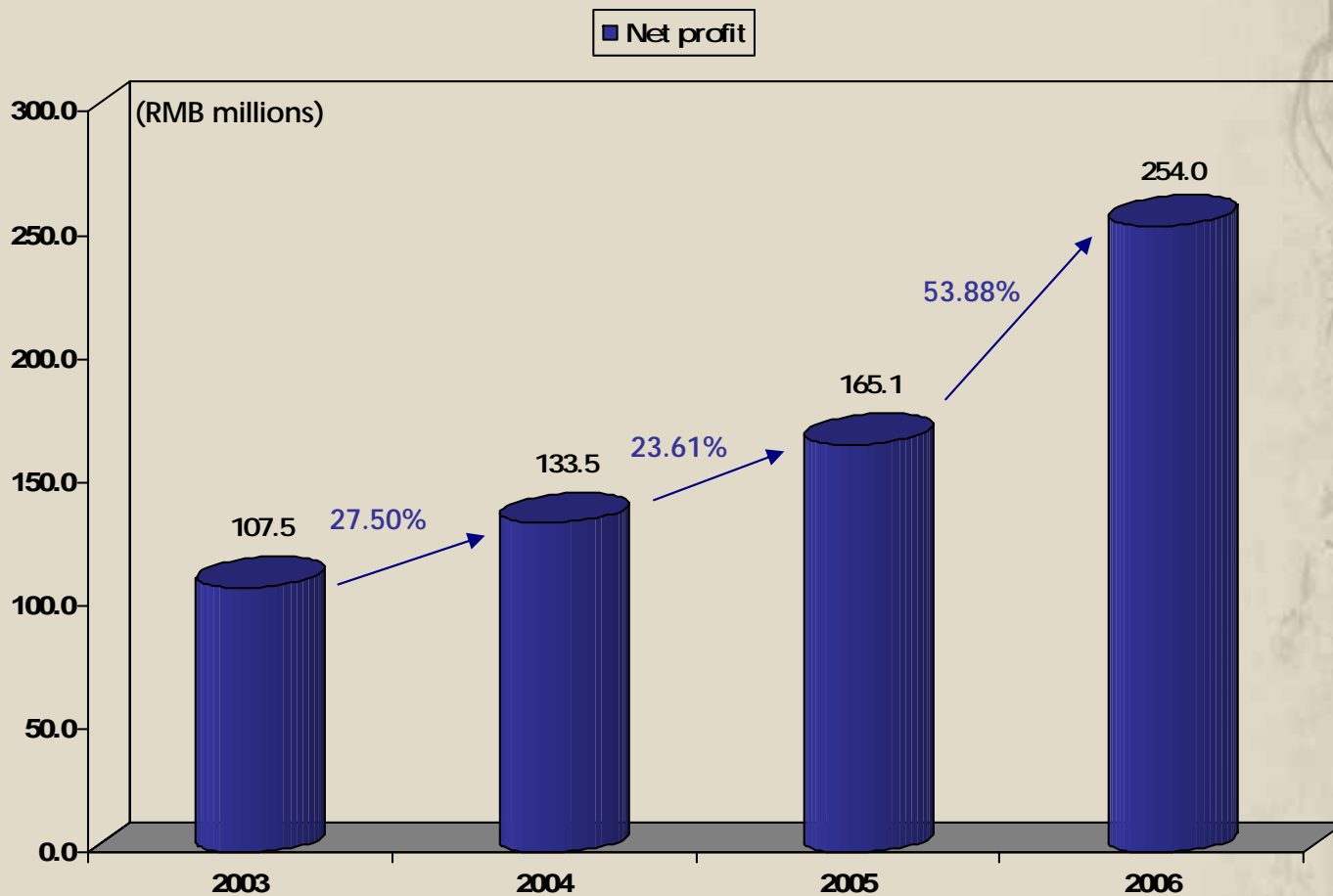
# Gross profit



## Gross profit margin

	2003	2004	2005	2006
Other	60.0%	49.7%	46.71%	46.70%
OEM	14.4%	16.3%	17.2%	18.01%
Retail	76.5%	76.9%	78.5%	80.89%
<b>Combined</b>	<b>57.6%</b>	<b>61.0%</b>	<b>65.3%</b>	<b>69.5%</b>

# Net profit



	2003	2004	2005	2006
Net profit margin	18.40%	18.70%	19.38%	24.08%
Earnings Per Share	RMB0.97	RMB0.24	RMB0.30	RMB0.46

# Retail segment

- ▣ The Company's retail segment, operating PORTS and BMW Lifestyle stores in the PRC and Hong Kong, experienced strong turnover growth in 2006
- ▣ Total retail turnover increased 30.34% over 2005 to RMB838.8 million in 2006
- ▣ Same-store sales in 2006 experienced record growth, increasing approximately 31% over 2005 (2005: approx. 25%), and including a slowdown in October and November attributed to warmer winter temperatures which negatively affected Fall/Winter collection sales
- ▣ ASP increased by approximately 7% in 2006 for both PORTS and BMW Lifestyle, reflecting the strength of both brands in the minds of Chinese consumers
- ▣ The high-margin retail segment continues to increase in terms of importance to the Group, contributing 79.51% of total Group turnover and 92.49% of the Group's gross profit
- ▣ The growing contribution of the higher-margin retail business, matched with the increasing benefits of economies of scale is accelerating the growth of the Company's operating and net profit margins, which are 26.54% and 24.08%, respectively in 2006

# OEM & Other segments

BMW LIFESTYLE and OEM exports suffered residual negative effects of 2005 safeguard quotas imposed by the USA and EEC governments, which effectively reduced the shipping season for the export of BMW LIFESTYLE products to BMW AG and OEM export orders to the USA to 3 months instead of the usual 6 months

## OEM

- OEM Turnover increased slightly by 1.81% to RMB159.8 million
- OEM Gross Profit margin increased from 17.22% in 2005 to 18.01% in 2006
- OEM Gross Profit increased by 6.46% to RMB28.8 million

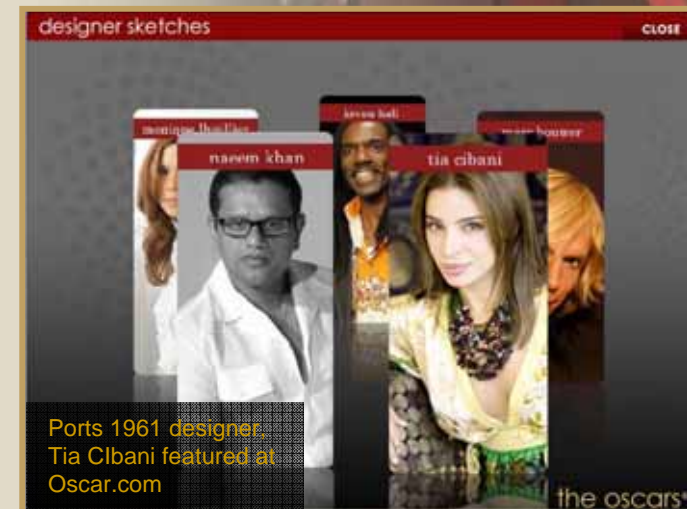
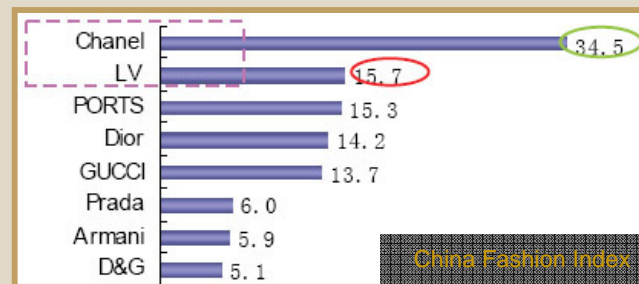
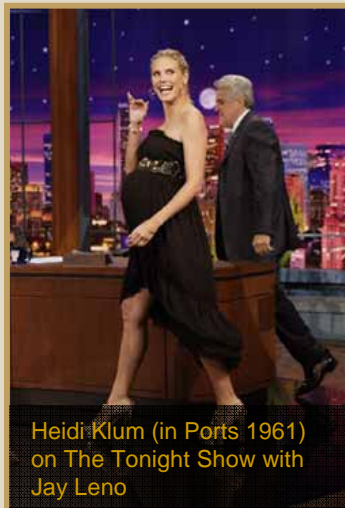
## Other (“ODM”)

- ODM segment turnover increased by 5.34% to RMB56.3 million due to residual effects of safeguard quotas
- ODM segment gross profit margin remained relatively stable at 46.71% in 2005 and 46.70% in 2006
- ODM segment gross profit increased by 9.94% to RMB26.3 million



# Industry recognition

- ☒ Independent 3rd party surveys, unpaid celebrity endorsement, and published support from fashion insiders are the only ways to reliably gauge success of a brand
- ☒ In the luxury and fashion industries, financial strength will follow brand strength
- ☒ “China Fashion Index” – a report co-published by Vogue China and the China National Research Association in August 2006, reported Ports as the 3rd most fashionable brand according to Chinese women – ahead of Dior, Gucci, Prada, Armani and Dolce & Gabbana. The same report named BMW as China’s most desirable car brand
- ☒ Forbes Asia voted Ports Design Limited as one of the 200 best managed and fastest-growing midsize companies in it’s “Best under a Billion” list, published in October 2006



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# Industry recognition (cont'd)

- ☑ The list of Hollywood celebrities seen wearing Ports 1961 continued to grow in 2006, including actresses such as Helen Mirren (2006 Oscar "best actress" winner), Sandra Bullock, Portia de Rossi and cast members from hit TV shows "Entourage" and "CSI," among others



Perrie Reeves (in Ports 1961), and cast of "Entourage"



Oscar-winning best actress, Helen Mirren (in Ports 1961), Vanity Fair March 2007



Ports 1961 photo shoot with renowned photographer Steven Meisel and stylist Grace Coddington



Tia Cibani with Wynona Rider



Marg Helgenberger, "CSI" (in Ports 1961)



Sandra Bullock (in Ports 1961) with Forest Whitaker



Tia Cibani with Sienna Miller (in Ports 1961)

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# Contact

For further information, please contact;

## **Winnie Chin**

Investor Relations

Ports Design Limited

+852 2504-1961

winnie.chin@ports1961.com

## **Adrian Pick**

Corporate Development & Communication

Ports Design Limited

+86 (592) 606-9998

adrian.pick@ports1961.com

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