

P  **ORTS**
1961

**Ports Design Limited
Bank of America Merrill Lynch
China Investment Summit
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Ports Design Today

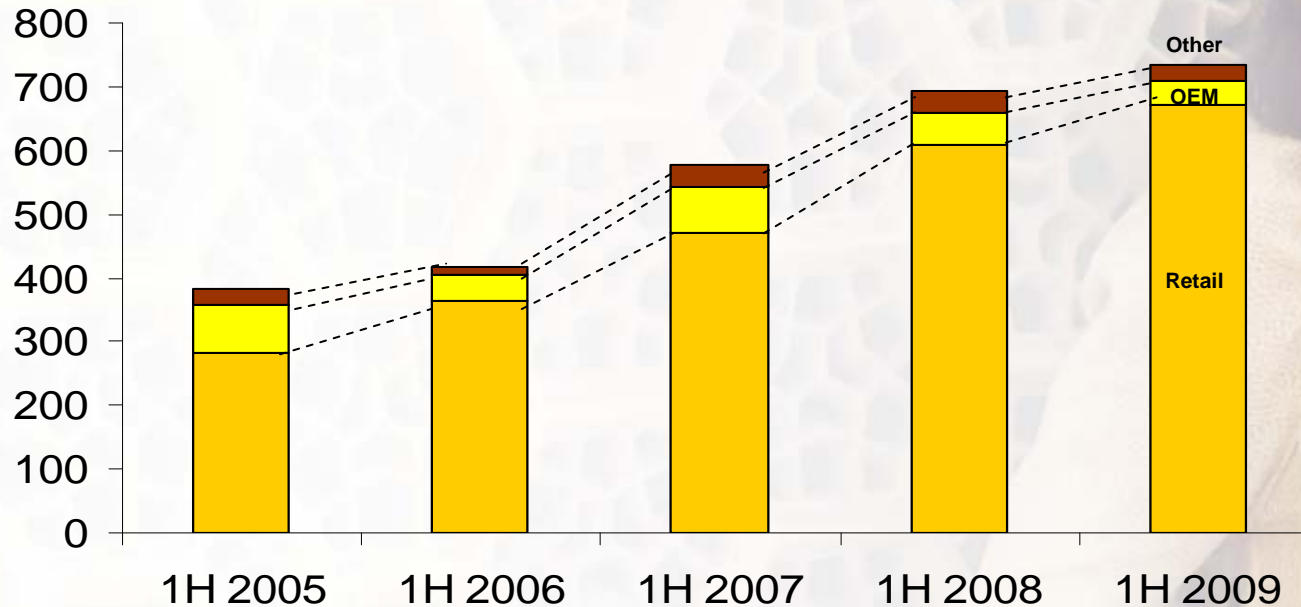
- ☑ Leading luxury brand manager in PRC. Brands include PORTS, BMW Lifestyle, Armani, Vivienne Tam, Ferrari and MaxMara
- ☑ Listed on The Stock Exchange of Hong Kong in 2003
- ☑ Directly operates 372 retail stores in China, Hong Kong and Macau. Presence in other Asian markets such as Japan and Dubai. Businesses in North America and Europe operated by Parent Company directly
- ☑ PORTS is one of the top five international luxury brands desired by young mainland consumers, AC Nielsen research for *Self* in 2008
- ☑ "Best Under A Billion" by *Forbes Asia* in 2006, 2007, 2008 and 2009
- ☑ "Best Managed Company (Small Cap) for China" by *Asiamoney* in 2008

2009 Interim Results Highlights

- ▣ Double-digit profit from operation and net profit growth of 23% and 13% respectively amid a challenging environment
- ▣ Retail segment posted low double-digit revenue and same-store sales growth during 1H 2009
- ▣ Gross profit margin rose to 82% (1H 2008: 77%)
- ▣ Solid operating margins of 32% (1H 2008: 28%)
- ▣ Net profit margin rose to 28% (1H 2008: 27%)
- ▣ Proposed interim dividend of RMB0.24 per share
- ▣ Strong financial position remains, with over RMB1 billion in cash, cash equivalents and time deposits with banks
- ▣ Effective tax rate rose to 11% (1H 2008: 9%)

Segment Performance

Turnover (RMB million)

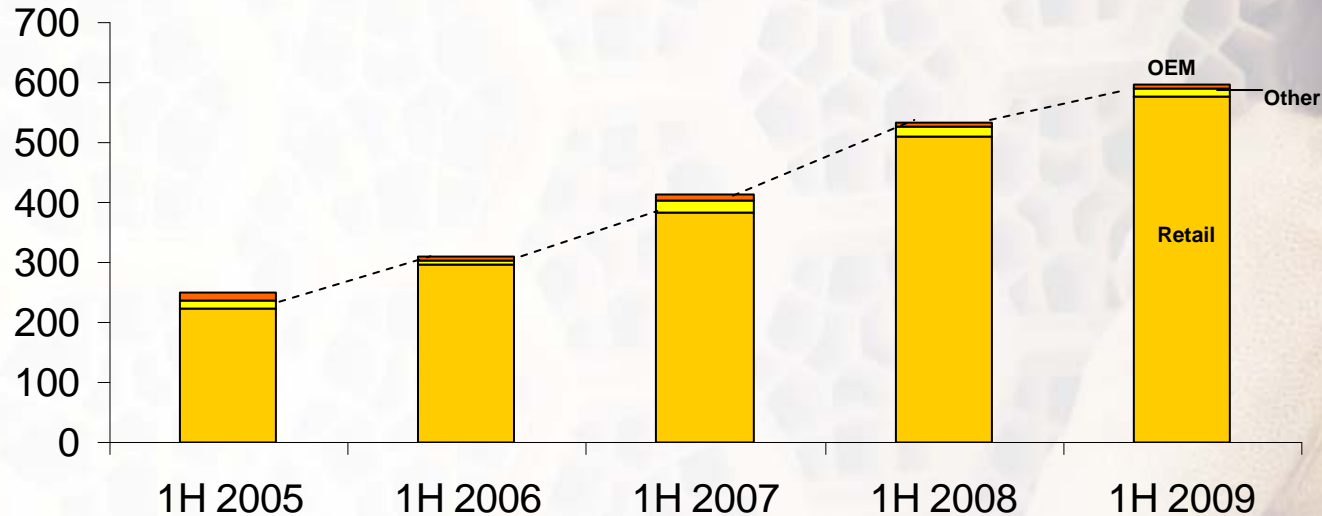


Segment turnover as a percentage of Group turnover (%)

	1H 2005	1H 2006	1H 2007	1H 2008	1H 2009
Retail	74.1	87.2	81.6	87.7	91.6
OEM	19.0	9.6	12.3	7.3	4.9
Other	6.9	3.2	6.1	5.0	3.5

Margin Performance

Gross Profit (RMB million)



Gross Profit Margin (%)

	1H 2005	1H 2006	1H 2007	1H 2008	1H 2009
Retail	78.1	81.7	81.5	84.1	86.2
OEM	17.6	19.2	14.9	12.8	20.1
Other	54.2	41.8	53.6	46.7	45.0
GROUP	65.0	74.4	71.6	77.1	81.5

Business Update

- ▣ Retail segment business remains positive and in-line with expectations
 - ▣ Q3/2009 retail sales growth and same-store sales performance improved from 1H 2009 levels
 - ▣ Due to positive retail performance in 1H 2009, ASP increase of 7% implemented in 2H 2009
 - ▣ Five-Year Plan: PORTS (~ 85% of retail sales); BMW Lifestyle, Vivienne Tam and Ferrari (~ 12% of retail sales); Armani, MaxMara and other new brand additions (rest of retail sales)
- ▣ Price increases of 7% for the 2009 Fall/Winter appears to be accepted by the consumers.
- ▣ New Brands Progress Report:
 - ▣ Armani unveiled another new store in Nanchang in Oct 2009 and is expected to perform according to expectations
 - ▣ Vivienne Tam has four stores and remains well-placed to deliver positive long-term growth
- ▣ OEM and Other segments remain weak

Armani Collezioni Stores



Nanchang



Inner Mongolia, Hohhot



Vivienne Tam Stores



Qingdao



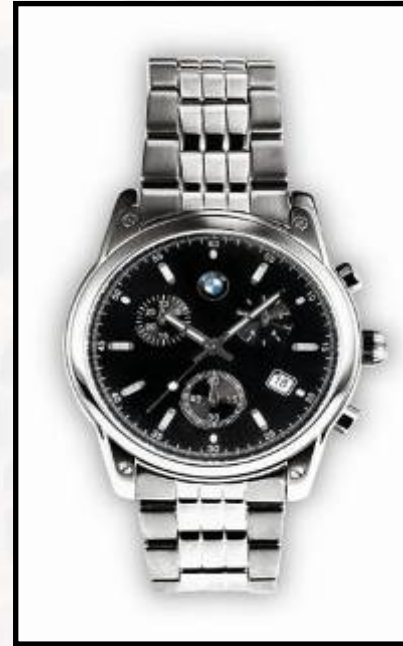
Xiamen



Strengthen Multi-Brand Portfolio

- ☒ The Group created additional growth prospect via multi-brand portfolio and product extension into non-apparel areas
- ☒ The Group is well on track with multi-brand portfolio strategy, currently managing five brands
- ☒ 1H 2009: PORTS (~ 90% of retail sales); BMW Lifestyle (~ 9% of retail sales); Armani, Vivienne Tam and MaxMara (rest of retail sales)
- ☒ Five-Year Plan: PORTS (~ 85% of retail sales); BMW Lifestyle, Vivienne Tam and Ferrari (~ 12% of retail sales); Armani, MaxMara and other new brand additions (rest of retail sales)
- ☒ The Group is well positioned to capture strategic brand opportunities that emerge in this environment

Accessories As A Growth Area



- ▣ Brand extensions into higher margin product mix, to include leather accessories, watches and fine jewelry
- ▣ Accounts for ~2.5% of retail product mix, consisting mostly leather accessories
- ▣ Launch PORTS fragrance and BMW watches by end of 2009

Media Recognition



Eva Longoria wore a Ports 1961 red dress in Malibu (Aug 2009)



Kay Panabaker wore a Ports 1961 Fall 09 dress to the premiere of "Fame" (Sept 2009)



Anne Heche wore a classic, black Ports 1961 dress in Los Angeles (Sept 2009)

A Look Forward To Q4/2009

- ▣ Management remains optimistic and expects retail environment to improve
- ▣ The Group expects expansion into more outlet mall locations which will eventually help to improve the inventory position of the Group
- ▣ New Brands Update:
 - ▣ Expect Vivienne Tam to unveil Beijing flagship boutique
 - ▣ Expect Ferrari to open its 1st store in PRC by Q1/2010
- ▣ The Group expects the turnover for OEM and Other segments to have similar declines as 1H 2009, margins to remain stable
- ▣ The Group expects to move into the new factory around Q1/2010 which will improve operational efficiency of the group

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