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PORTS DESIGN LIMITED

寶姿時裝有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 589)

ANNOUNCEMENT

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the PIRC Announcement, where it was disclosed that the Company and PIRC entered into the New Master Agreement to govern the Sales Transactions on 1 September 2011. The New Master Agreement will be expired on 31 December 2011 and is renewable if the parties so agree and subject to the relevant requirements of the Listing Rules. On 29 December 2011, the Company entered into the Renewed Master Agreement under the same terms for a term of three years commencing from 1 January 2012 and expiring on 31 December 2014.

Reference is also made to the PCD Prospectus, where it was disclosed in the Relevant Paragraph that the Company and PCD entered into the Master Concessionaire Agreement on 29 November 2009. The Master Concessionaire Agreement will be expired on 31 December 2011 and can be extended by agreement signed by the parties thereto. On 29 December 2011, the Company entered into the Renewed Master Concessionaire Agreement under the same terms for a term of three years commencing from 1 January 2012 and expiring on 31 December 2014.

PIRC is a wholly owned subsidiary of CFS, the controlling shareholder of the Company. Therefore, PIRC is an associate (as defined in the Listing Rules) of a connected person of the Company.

PCD is a connected person of the Company by virtue of Alfred Chan and Edward Tan, the controlling shareholders of the Company, having a controlling interest in PCD.

Given that the annual consideration payable for the Renewed Continuing Connected Transactions represent less than 5% of the applicable percentage ratios, as defined in the Listing Rules, the Renewed Continuing Connected Transactions falls within Rule 14A.34 of the Listing Rules and is only subject to reporting, announcement and annual review requirements under the Listing Rules and is exempt from independent shareholders' approval requirements under the Listing Rules.

INTRODUCTION

Reference is made to the PIRC Announcement, where it was disclosed that the Company and PIRC entered into the New Master Agreement to govern the Sales Transactions. The New Master Agreement will be expired on 31 December 2011 and is renewable if the parties so agree and subject to the relevant requirements of the Listing Rules.

On 29 December 2011, the Company entered into the Renewed Master Agreement with PIRC, whereby both parties confirmed the further renewal of the New Master Agreement to 31 December 2014. The transactions contemplated thereunder constituted continuing connected transaction of the Company under the Listing Rules.

Reference is also made to the PCD Prospectus, where it was disclosed in the Relevant Paragraph that the Company and PCD entered into the Master Concessionaire Agreement on 29 November 2009. The Master Concessionaire Agreement will be expired on 31 December 2011 and can be extended by agreement signed by the parties thereto.

On 29 December 2011, the Company entered into the Renewed Master Concessionaire Agreement with PCD, whereby both parties confirmed the further renewal of the Master Concessionaire Agreement to 31 December 2014. The transactions contemplated thereunder constituted continuing connected transaction of the Company under the Listing Rules.

PIRC is a wholly owned subsidiary of CFS, the controlling shareholder (as defined in the Listing Rules) of the Company. Therefore, PIRC is an associate (as defined in the Listing Rules) of a connected person of the Company.

PCD is a connected person of the Company by virtue of Alfred Chan and Edward Tan, the controlling shareholders of the Company, having a controlling interest in PCD.

DETAILS OF THE EXISTING CONTINUING CONNECTED TRANSACTIONS

I. NEW MASTER AGREEMENT

On 1 September 2009, the Company and PIRC, a wholly owned subsidiary of CFS, the controlling shareholder of the Company, entered into the New Master Agreement. Pursuant to the New Master Agreement, the Company agreed to sell and procure members of the Group to sell the Ports Products to any member of the PIRC Group from time to time.

Term and termination

The New Master Agreement was effective from 1 September 2009 until 31 December 2011. The New Master Agreement is renewable if the parties so agree subject to compliance with Chapter 14A of the Listing Rules by the Company.

Major terms of the New Master Agreement

The prices of the Ports Products to be offered to the PIRC Group under the New Master Agreement shall be competitive, on normal commercial terms and determined by the relevant contacting parties on arm's length negotiation based on market prices and having regard to the quantity, specifications and/or other conditions of the Ports Products to be offered.

Renewed Master Agreement

The Company and PIRC entered into the Renewed Master Agreement on 29 December 2011, pursuant to which both parties confirmed the renewal of the New Master Agreement to 31 December 2014 on the same terms.

Cap Amount

Historical figures

The aggregate annual amount of the Sales Transactions for the years ended 31 December 2009 and 2010, and the ten-month period ended 31 October 2011 are as follows:

<i>Period</i>	<i>Amount of Sales Transactions (RMB in million)</i>
Year ended 31 December 2009	14.9
Year ended 31 December 2010	21.4
Ten months ended 31 October 2011	16.1

Proposed annual cap

The annual cap in respect of the aggregate amount of Sales Transactions under the Renewed Master Agreement for each of the three years ending 31 December 2014 is RMB23 million, RMB25.3 million and RMB27.8 million respectively. The proposed annual caps for the three years ending 31 December 2014 have been determined by reference to a projected additional 10% growth rate each year.

II. MASTER CONCESSIONAIRE AGREEMENT

On 29 November 2009, the Company and PCD, a company in which PIEL is its controlling shareholder, entered into the Master Concessionaire Agreement, pursuant to which PCD agreed to procure their subsidiaries, and the Company agreed to procure the Company's subsidiaries to enter into various concessionaire agreements, under which PCD would agree to provide certain designated counters within its various department stores located in the PRC to the Group for the sale of clothing, accessories and apparel in return for the payment of rental fees by the Group.

Term and termination

The Master Concessionaire Agreement was effective from 29 November 2009 until 31 December 2011 and can be extended by agreement signed by the parties thereto.

Concessionaire fees

Under concessionaire agreements entered into pursuant to the Master Concessionaire Agreement, the Group is obliged to pay fees to the PCD Group as consideration for the Group being granted the right to sell clothing, accessories and apparel at certain designated counters in the department stores operated by the PCD Group. The fees will be negotiated on a case by case basis between the Group and the PCD Group but will generally be between

15% to 25% of our revenue generated from the sale of our products as management fees plus another 1% or 2% of our revenue generated from the sale of our products promotion and marketing fees (the “**Concessionaire Fees**”). The Concessionaire Fees are based on the then prevailing marketing price, on normal commercial terms, on an arm’s length basis and on a similar basis as the Group accepts business from other independent third parties.

Renewed Master Concessionaire Agreement

The Company and PCD entered into the Renewed Master Concessionaire Agreement on 29 December 2011, pursuant to which both parties confirmed the renewal of the Master Concessionaire Agreement to 31 December 2014. Apart from changes made to update the effective period of renewal, all other terms and conditions of the Master Concessionaire Agreement will remain the same.

Cap Amount

Historical figures

The concessionaire fees paid by the Company to PCD pursuant to the Master Concessionaire Agreement for the years ended 31 December 2009 and 2010, and the ten-month period ended 31 October 2011 are as follows:

<i>Period</i>	<i>Amount of Management Fees Received (RMB in million)</i>
Year ended 31 December 2009	16.0
Year ended 31 December 2010	19.0
Ten months ended 31 October 2011	17.9

Proposed annual cap

The annual cap in respect of the concessionaire fees to be paid by the Company to PCD under the Renewed Master Concessionaire Agreement for each of the three years ending 31 December 2014 is RMB34.7 million, RMB41.6 million and RMB50.0 million respectively. The proposed annual caps for the three years ending 31 December 2014 have been determined taking into account the acquisition by the PCD Group of the operator of Beijing Scitech Premium Outlet Mall, an outlet which the Group currently has 3 stores, in December 2011 and with reference to a projected additional 20% growth rate each year.

REASONS AND BENEFITS FOR THE RENEWED CONTINUING CONNECTED TRANSACTIONS

The Directors are of the opinion that the entering into of the Renewed Master Agreement would allow the Company to continually take advantage of maximizing its economies of scale of production and to increase its total sales, and that the entering into of the Renewed Master Concessionaire Agreement would continue to enjoy valuable opportunity to expand its access to the PRC market, in particular the high-end retail market targeted by the PCD Group. In light of the above and taking into account the past performance and historical relationship between the counterparties in the New Master Agreement and the Master Concessionaire Agreement, the parties consider it appropriate to continue such continuing

connected transactions by entering into the Renewed Continuing Connected Transaction Agreements.

Alfred Chan and Edward Tan are indirect shareholders of (i) PIRC; and (ii) PCD, and have abstained from voting on the board resolution passed to approve the Renewed Continuing Connected Transactions. Save as disclosed above, no other Director is regarded as having a material interest in the Renewed Continuing Connected Transactions, and hence no other Director has abstained from voting on such board resolution to approve the Renewed Continuing Connected Transactions.

The Directors, including the independent non-executive Directors, are of the opinion that the Renewed Continuing Connected Transactions have been conducted on normal commercial terms, were entered into in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the shareholders as a whole, and that the annual caps of the Renewed Continuing Connected Transactions are fair and reasonable.

LISTING RULES IMPLICATION

Given that the annual consideration payable for the Renewed Continuing Connected Transactions represent less than 5% of the applicable percentage ratios, as defined in the Listing Rules, the Renewed Continuing Connected Transactions falls within Rule 14A.34 of the Listing Rules and are only subject to reporting, announcement and annual review requirements under the Listing Rules and are exempt from independent shareholders' approval requirements under the Listing Rules.

INFORMATION ON THE COMPANY, PIRC AND PCD

The Company is an investment holding company and the Group is principally engaged in the design, manufacture and retail distribution of ladies' and men's fashion garments and the sale of accessories such as shoes, handbags, scarves and fragrance in the PRC.

PIRC is a wholly owned subsidiary of CFS, which is principally engaged in retail distribution of ladies' and men's fashion garments and the sale of accessories mainly in North America and Europe using PORTS INTERNATIONAL brand.

PCD is a company listed on the Main Board of the Stock Exchange and is principally engaged in the department store and outlet mall industry in the PRC with an emphasis on high-end luxury products.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Beijing Scitech Premium Outlet Mall” an outdoor mall located on No. 28 Xiangjiang Bei Road, Chaoyang District, Beijing, the PRC, with a total gross floor area of approximately 43,700 square meters

“Board” the board of Directors

“CFS”	CFS International Inc., a company incorporated in Alberta, Canada, a controlling shareholder of the Company
“Company”	Ports Design Limited, a limited liability company incorporated in Bermuda, with its shares listed on the Main Board of the Stock Exchange
“connected person”	has the meaning given to it under the Listing Rules
“Directors”	the directors (including the independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Master Concessionaire Agreement”	the master concessionaire agreement dated 29 November 2009 entered into between (i) the Company and (ii) PCD
“New Master Agreement”	the master agreement dated 1 September 2009 entered into between the Company and PIRC
“PCD”	PCD Stores (Group) Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“PCD Group”	PCD and its subsidiaries
“PCD Prospectus”	the prospectus for the listing of PCD dated 3 December 2009
“PIEL”	Ports International Enterprises Limited, a limited liability company incorporated in the British Virgin Islands
“PIRC”	Ports International Retail Corporation, a limited liability company incorporated in Ontario, Canada
“PIRC Announcement”	the announcement of the Company dated 4 September 2009 in relation to the New Master Agreement

“PIRC Group”	PIRC and its affiliated companies existing from time to time
“Ports Products”	Ladies’ and men’s garments and accessories and other merchandise or products branded with the trademarks and logos owned by and/or used by the Group, and other ancillary products in relation to the above, offered by the Group from time to time
“PRC”	the People’s Republic of China
“Relevant Paragraph”	the paragraph headed “Relationship with our Ultimate Controlling Shareholders and Connected Transactions – Continuing Connected Transactions – Category II – Non-exempt continuing connected transactions – (C) Concessionaire Arrangement with PDL Group
“Renewed Continuing Connected Transactions”	transactions contemplated under the Renewed Continuing Connected Transaction Agreements
“Renewed Continuing Connected Transaction Agreements”	refers to (i) the Renewed Master Agreement and (ii) the Renewed Master Concessionaire Agreement
“Renewed Master Agreement”	a renewed master agreement dated 29 December 2011, on terms and conditions similar to the New Master Agreement, entered into between (i) the Company and (ii) PIRC
“Renewed Master Concessionaire Agreement”	a renewed master concessionaire agreement dated 29 December 2011, on terms and conditions similar to the Master Concessionaire Agreement, entered into between (i) the Company and (ii) PCD
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Transactions”	the sales of the Ports Products from time to time by the Group to the PIRC Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
PORTS DESIGN LIMITED
Edward Tan
Chairman

Hong Kong, 30 December 2011

As at the date of this announcement, the Directors are:

Executive Directors:

Mr. Tan, Han-Kiat, Edward (*Chairman*)
Mr. Chan, Kai Tai, Alfred
Mr. Bourque, Pierre Frank

Non-executive Director:

Ms. Enfield, Julie Ann

Independent Non-executive Directors:

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

**for identification purposes only*