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PORTS DESIGN LIMITED

寶姿時裝有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 589)

PROPOSED SUBDIVISION OF SHARES

The Board proposes that each of the existing issued and unissued shares of HK\$0.01 each in the share capital of the Company be subdivided into four shares of HK\$0.0025 each. The Share Subdivision will become effective upon the fulfilment of the conditions set out below.

The Shares currently trade in board lots of 500 Shares. Upon the Share Subdivision becoming effective, Subdivided Shares will be traded in board lots of 500 Subdivided Shares.

An ordinary resolution to approve the Share Subdivision will be proposed at the Special General Meeting.

A circular containing, amongst other things, the details of the Share Subdivision together with the notice of the Special General Meeting will be dispatched to Shareholders as soon as practicable.

PROPOSED SUBDIVISION OF SHARES

The board of directors (the "**Board**") of Ports Design Limited (the "**Company**") proposes that each of the existing issued and unissued shares of HK\$0.01 each in the share capital of the Company (the "**Shares**") be subdivided (the "**Share Subdivision**") into four shares of HK\$0.0025 each (the "**Subdivided Shares**"). The Share Subdivision will become effective upon the fulfilment of the conditions set out below. The number of shares in one board lot will remain unchanged upon the Share Subdivision becoming effective.

The Share Subdivision is intended to improve the liquidity of the Subdivided Shares and widen the Company's shareholder base. Accordingly, the Board considers the Share Subdivision to be in the best interests of the Company and its shareholders (the "**Shareholders**") given the prevailing market conditions.

Save for the costs incurred by the Company in implementing the Share Subdivision, the Share Subdivision will not alter the underlying assets, business operations, management or financial position

of the Company or the proportional interests of the Shareholders. The Board considers that the Share Subdivision will not have any adverse effect on the financial position of the Company.

The terms of the outstanding options granted by the Company pursuant to the Company's share option scheme will be adjusted in such manner as the Company's auditors shall certify to the Board is, in their opinion, fair and reasonable to take account of the Share Subdivision. The Board anticipates that upon the Share Subdivision becoming effective the terms of each such outstanding option will be adjusted as follows: (a) each option to subscribe for one Share shall be adjusted to an option to subscribe for four Subdivided Shares (thereby increasing the number of shares of the Company which would be issued upon the exercise of all the outstanding options from 3,500,000 Shares to 14,000,000 Subdivided Shares); and (b) the existing subscription price of HK\$10.50 payable for each Share to be issued upon the exercise of a option shall be adjusted such that the subscription price payable for each Subdivided Share to be issued upon the exercise of a option would be HK\$2.625.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the authorised share capital of the Company is HK\$9,000,000, divided into 900,000,000 Shares, of which 135,810,000 Shares are in issue and fully paid. Immediately upon the Share Subdivision becoming effective, the authorised share capital of the Company will be HK\$9,000,000 divided into 3,600,000,000 Subdivided Shares, of which 543,240,000 Subdivided Shares will be in issue and fully paid assuming that no further Shares are issued or repurchased prior to the Share Subdivision becoming effective.

The Subdivided Shares will rank *pari passu* in all respects with the Shares in issue prior to the Share Subdivision (but their nominal value will be different) and the rights attaching to the Subdivided Shares will not be affected by the Share Subdivision.

The Shares currently trade in board lots of 500 Shares. Upon the Share Subdivision becoming effective, Subdivided Shares will be traded in board lots of 500 Subdivided Shares. Accordingly, the monetary value of each board lot of the Subdivided Shares will be lower than the monetary value of each existing board lot of the Shares and the transaction costs for dealing in each board lot of the Subdivided Shares will likewise be reduced.

CONDITIONS OF THE SHARE SUBDIVISION

The Share Subdivision is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at a special general meeting (the "**Special General Meeting**") of the Company; and
- (b) the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting the listing of and permission to deal in the Subdivided Shares and the Subdivided Shares to be issued pursuant to the exercise of options in accordance with the Company's share option scheme.

EXPECTED TIMETABLE

	2004
Circular relating to the Share Subdivision to be dispatched on or before	28 October
Latest time for lodging forms of proxy for the Special General Meeting	9:30 a.m. on Saturday, 13 November
Special General Meeting	9:30 a.m. on Monday, 15 November

The following events are conditional on the results of the Special General Meeting and the granting of listing of, and permission to deal in, the Subdivided Shares and the Subdivided Shares to be issued under the Company's share option scheme by the Listing Committee of the Stock Exchange

Effective date of the Share Subdivision	Tuesday, 16 November
Dealings in the Subdivided Shares commence	9:30 a.m. Tuesday, 16 November
Original counter for trading in existing Shares in board lots of 500 Shares temporarily closes	9:30 a.m. on Tuesday, 16 November
Temporary counter for trading in Subdivided Shares in board lots of 2,000 Subdivided Shares (in the form of certificates for existing Shares (" Existing Share Certificates ")) opens	9:30 a.m. Tuesday, 16 November
First day of free exchange of Existing Share Certificates for new certificates for the Subdivided Shares (" New Share Certificates ")	Tuesday, 16 November
Original counter for trading in Subdivided Shares in board lots of 500 Subdivided Shares (in the form of New Share Certificates) re-opens	9:30 a.m. on Tuesday, 30 November
Parallel trading in Subdivided Shares (in the form of New Share Certificates and the Existing Shares Certificates) commences	Tuesday, 30 November
Temporary counter for trading in Subdivided Shares in board lots of 2,000 Subdivided Shares (in the form of Existing Shares Certificates) closes	4:00 p.m. on Tuesday, 21 December
Parallel trading in Subdivided Shares (in the form of New Share Certificates and the Existing Share Certificates) ends	4:00 p.m. on Tuesday, 21 December
Last day for free exchange of Existing Share Certificates for the New Share Certificates	Friday, 24 December

Gray-green Existing Share Certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Tuesday, 21 December 2004 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Existing Share Certificates will continue to be good evidence of legal title to the Subdivided Shares on the basis of Share for four Subdivided Shares and may be exchanged free of charge for red New Share Certificates for Subdivided Shares at any time between Tuesday, 16 November 2004 and Friday, 24 December 2004, and on payment of a prescribed fee any time after 4:00 p.m. on Friday, 24 December 2004. It is expected that New Share Certificates will be available for collection within a period of 10 business days after the submission of the Existing Share Certificates.

GENERAL

An application will be made to the Stock Exchange for the listing of and permission to deal in the Subdivided Shares and the Subdivided Shares to be issued pursuant to the exercise of options in accordance with the Company's share option scheme.

A circular containing details of the Share Subdivision, the trading arrangements in respect of the Subdivided Shares and the procedure for the free exchange of Existing Share Certificates, together with a notice to convene the Special General Meeting, will be dispatched to Shareholders as soon as practicable. An ordinary resolution to approve the Share Subdivision will be proposed at the Special General Meeting.

As at the date of this announcement, the Board comprises Mr. Edward Tan Han Kiat, Mr. Alfred Chan Kai Tan, Mr. Pierre Frank Bourque as Executive Directors, Ms Janine Tran and Mr. Kunnasagaran Chinniah as Non-Executive Directors, and Mr Rodney Ray Cone, Ms Valerie Fong Wei Lynn and Ms Lara Magno Lai as independent non-executive Directors.

A further announcement will be made by the Company as soon as the Share Subdivision becomes unconditional.

By Order of the Board
Ports Design Limited
Edward Tan Han Kiat
Chairman

Xiamen, China
15 October 2004