
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in PORTS DESIGN LIMITED, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected from transmission to the purchaser.

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PORTS DESIGN LIMITED

寶姿時裝有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 589)

**GENERAL MANDATES TO ISSUE SECURITIES
AND TO REPURCHASE SECURITIES**

A notice convening the AGM of the Company to be held at 27 Jiyuan Road, Jimei, Xiamen, 361021 China on Wednesday, 24 May 2006 at 9:30 a.m. has been sent together with this circular and the Annual Report 2004. Whether or not you are able to attend such meeting in person, please complete the enclosed form of proxy in accordance with the instructions printed thereof and return it to the branch share registrars of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding such meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so wish.

28 April 2006

* For identification purpose only

DEFINITION

In this circular, unless otherwise specified or required by the context, the following terms shall have the following meanings:

“AGM”	the annual general meeting of the Company to be held at 27 Jiyuan Road, Jimei, Xiamen, 361021 China, on Wednesday, 24 May 2006 at 9:30 a.m. or, where the context so admits, any adjournment thereof
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company
“Company”	PORTS DESIGN LIMITED, an exempted company incorporated in Bermuda with limited liability and whose securities are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issue Mandate”	the proposed issue mandate to be granted to the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the resolution approving this issue mandate
“Latest Practicable Date”	<i>10 April 2006</i> , being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	the proposed mandate to be granted to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the resolution approving the repurchase mandate
“Shareholders”	holders of Shares
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Share Repurchase Rules”	The relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing of their securities in the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases approved by the Securities and Futures Commission as amended from time to time

LETTER FROM THE BOARD



PORTS DESIGN LIMITED

寶姿時裝有限公司*

(Incorporated in Bermuda with limited liability)

Directors:

Mr. Chan, Kai Tai Alfred
Mr. Tan, Han Kiat Edward
Mr. Bourque, Pierre Frank

Mr. Cone, Rodney Ray[#]
Ms. Fong, Wei Lynn Valarie[#]
Ms. Enfield, Julie Ann*
Ms. Lai, Lara Magno[#]

* *Non-executive Directors*

[#] *Independent Non-executive Directors*

Head office and principal place of business:

Suite 101A, Sunbeam Centre
27 Shing Yip Street
Kwun Tong
Kowloon
Hong Kong

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

28 April 2006

To the Shareholders,

Dear Sir/Madam,

GENERAL MANDATES TO ISSUE SECURITIES AND TO REPURCHASE SECURITIES

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM for the approval of (i) the granting to the Directors of a general mandate to repurchase Shares, the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of such a resolution ("Repurchase Mandate"); (ii) the granting to the Directors of a general mandate to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing such a resolution ("Issue Mandate"); and (iii) the granting to the Directors of a general mandate to extend the Issue Mandate to the nominal amount (up to a maximum of 10% of the aggregate nominal amount of the Company's then issued share capital) of any Shares repurchased by the Company.

These general mandates will remain in effect until whichever is the earliest of the date of the next annual general meeting, the date by which the next annual general meeting is required to be held by law and the date upon which such an authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company. The

LETTER FROM THE BOARD

Directors wish to state that they have no present intention to repurchase any Shares or issue any new Shares in the event that these general mandates are approved.

An explanatory statement as required under the Share Repurchase Rules, given certain information regarding the Repurchase Mandate, is set out in this circular.

RECOMMENDATION

The Directors consider that the Repurchase Mandate, the Issue Mandate and the extension of the Issue Mandate, are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend you to vote in favour of the resolutions at the forthcoming AGM.

Yours faithfully
For and on behalf of the Board



PORTS DESIGN LIMITED
CHAN Kai Tai Alfred
Chief Executive Officer

This explanatory statement contains all the information required pursuant to rule 10.06(1)(b) of the Listing Rules to be given to all Shareholders relating to the resolutions to be proposed at the forthcoming AGM authorizing the Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprises 547,159,132 Shares. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and the Issue Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, exercise in full of the proposed Repurchase Mandate can accordingly result in up to 54,715,913 Shares (being 10% of the Shares in issue) being repurchased by the Company during the period from 24 May 2006, the date of the AGM, and ending on the earliest of (i) the date of the next annual general meeting of the Company; (ii) the passing of an ordinary resolution by the Shareholders of the Company in general meeting revoking or varying the authority given to the Directors by the resolution referred to above; or (iii) the expiration of the period within which the next annual general meeting of the Company is required by applicable laws and statutes or the bye-laws of the Company to be held, whichever is the earliest.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to have a general authority from Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

FUNDING OF REPURCHASES

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws, the Listing Rules and the applicable laws of Hong Kong and Bermuda.

The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. However, there might be a material adverse effect on the working capital requirement of the Company or the gearing level (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2005) in the event that the Repurchase Mandate is exercised in full at any time during the proposed purchase period.

DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

The Listing Rules prohibit a company from knowingly purchasing shares of the company on the Stock Exchange from a “**connected person**”, that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or any of their associates (as defined in the Listing Rules).

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company and no such

connected persons have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, CFS International Inc. ("**CFS**") and its associates (within the meaning of the Takeovers Code) will hold approximately 41.23% of the issued share capital of the Company. In the event that the Directors exercise the power to repurchase Shares in full pursuant to the Repurchase Mandate, the shareholding of CFS together with its associates in the Company will be increased to approximately 45.81% of the issued share capital of the Company and such increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchase made pursuant to the Repurchase Mandate.

SHARE REPURCHASES MADE BY THE COMPANY

During the six months preceding the date of this letter, no shares have been repurchased by the Company whether on the Stock Exchange or otherwise.

MARKET PRICES

During each of the previous twelve months before the date of this letter, the highest and lowest trade prices for shares on the Stock Exchange were as follows:

MONTH	PER SHARE	
	Highest HK\$	Lowest HK\$
2005		
January	4.33	3.73
February	4.95	4.20
March	5.45	4.73
April	5.90	5.00
May	5.40	5.10
June	5.75	5.25
July	6.45	5.20
August	7.15	6.25
September	10.30	6.80
October	8.80	6.55
November	8.35	7.30
December	9.20	8.00
2006		
January	10.05	8.75
February	11.35	9.90
March	12.00	9.80

GENERAL

Under the Listing Rules, the total number of shares which a company is authorised to purchase on the Stock Exchange is shares representing up to a maximum of 10% of the existing issued share capital. A company may not make a new issue of shares or announce a proposed new issue of shares for a period of 30 days immediately following a repurchase of securities, whether on the Stock Exchange or otherwise, other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase, without the prior approval of the Stock Exchange. The Listing Rules also prohibit a company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A company shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules further prohibit a company from purchasing its shares or warrants on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

A company shall procure that any broker appointed by it to effect the purchase of securities shall disclose to the Stock Exchange such information with respect to purchases made on behalf of the company as the Stock Exchange may request.

The Listing Rules provide that the listing of all repurchased securities is automatically cancelled and that the certificates for such repurchased securities must be cancelled and destroyed. Under Bermuda law, a company's repurchased shares will be treated as cancelled, but the repurchase of shares shall not be taken as reducing the amount of the Company's authorised share capital.

The Listing Rules prohibit any repurchase of securities at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In addition, the Stock Exchange may prohibit repurchases of securities on the Stock Exchange if a company has breached the Listing Rules.

Under the Listing Rules, repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange in the prescribed form no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which a company makes a purchase of shares. In addition, a company's annual report is required to disclose details regarding repurchases of securities made during the financial year, including, in respect of each month, the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid by the company for such purchases.