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Ports Design Limited

寶姿時裝有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 589)

MAJOR TRANSACTION

FRAMEWORK AGREEMENT IN RELATION TO DISPOSAL OF INTERESTS IN PORTS ASIA HOLDINGS (HONG KONG) LIMITED

Framework Agreement

On Sunday, 31 May 2015, Ports Asia Holdings Limited (“**Ports BVI**”) entered into the Framework Agreement with Oriental Fortune, pursuant to which Ports BVI has agreed to sell, and Oriental Fortune has agreed to purchase, an aggregate 20% shareholding in Ports Asia Holdings (Hong Kong) Limited (“**Ports HK**”), which holds substantially all of the Group’s existing fashion and apparel business. The Framework Agreement also provides for the possible sale of the remaining 80% shareholding in Ports HK, subject to Oriental Fortune introducing an independent third party buyer to Ports BVI and Ports BVI agreeing the detailed terms of such disposal in a separate sale and purchase agreement.

Disposal of an aggregate 20% shareholding in Ports HK

Ports BVI has agreed to sell a 6% shareholding in Ports HK to Oriental Fortune for a cash consideration of RMB180 million. Pursuant to the Framework Agreement, Oriental Fortune has agreed to transfer the consideration payment to a bank account designated by Ports BVI within 7 working days after the entering into of the Framework Agreement. Ports BVI has agreed to transfer the relevant shares in Ports HK to Oriental Fortune within 7 working days after receipt of the consideration payment.

The Framework Agreement provides that Oriental Fortune will be permitted to conduct due diligence in respect of Ports HK and its PRC subsidiaries for a period of 30 days after the date of the Framework Agreement.

The Framework Agreement provides that, if there is no material difference between the

** for identification purpose only*

findings of Oriental Fortune's due diligence review and the information disclosed by Ports BVI, Ports BVI and Oriental Fortune will enter into a sale and purchase agreement, pursuant to which Ports BVI will sell an additional 14% interest in Ports HK to Oriental Fortune for a cash consideration of RMB420 million. The consideration for the 20% Disposal would, therefore, be RMB600 million. The Framework Agreement provides that Oriental Fortune would transfer the consideration payment to a bank account designated by Ports BVI within 15 working days after the entering into of such sale and purchase agreement and that Ports BVI would transfer the relevant shares in Ports HK to Oriental Fortune within 7 working days after receipt of such payment. The Framework Agreement further provides that if there is any material difference between the findings of Oriental Fortune's due diligence review and the information disclosed by Ports BVI, Oriental Fortune may request Ports BVI to return the cash consideration of RMB180 million already paid to Ports BVI and transfer the shares in relation to the sale of 6% shareholding in Ports HK back to Ports BVI.

Possible sale of the Company's remaining 80% interest in Ports HK

In addition to the 20% Disposal referred to above, the Framework Agreement provides that Oriental Fortune will, within 90 days after completion of the sale of the 14% interest in Ports HK referred to above, identify and introduce to Ports BVI a third party purchaser to make an offer to purchase the remaining 80% interest in Ports HK for a consideration of RMB2.4 billion. Such possible sale is subject to Ports BVI negotiating and entering into a separate sale and purchase agreement with the third party purchaser containing the terms of the transaction. Ports BVI has been advised by its PRC legal counsel that this arrangement does not constitute a legally binding commitment to buy or sell Ports BVI's remaining 80% shareholding in Ports HK and that a legally binding commitment would only arise on the entry into by Ports BVI and the third party purchaser to be introduced of a separate detailed sale and purchase agreement containing the terms of such a transaction. The Framework Agreement provides that any such sale and purchase agreement would include a condition that applicable regulatory consents be obtained by the Company and (if applicable) the proposed purchaser, including approvals required under the respective applicable listing rules of the Company and the proposed purchaser (which would include shareholders' approval required by the Company under the Listing Rules for a very substantial disposal).

Pre-sale dividend to be paid by Ports HK to Ports BVI

The Framework Agreement contemplates that Ports HK and its PRC subsidiaries shall declare and pay a cash dividend in the amount of RMB1.5 billion to Ports BVI and that Oriental Fortune would not be entitled to receive any amount of that dividend in respect of the shareholding in Ports HK purchased by Oriental Fortune.

Intended use of the proceeds from the 20% Disposal

The Company intends to use the proceeds from the 20% Disposal (and, if it proceeds, the proceeds from the sale of Ports BVI's remaining 80% shareholding in Ports HK) for investment in related sectors of the PRC economy which are expected to produce better returns for shareholders going forward. However, as at the date of this announcement, no legally binding agreement or term sheet has been entered into in relation to any such investment. The Company will make further announcements in relation to the Company's reinvestment plans, in accordance with the requirements of applicable law and the Listing Rules, to keep Shareholders and potential investors informed of material developments.

Listing Rules Implication

As one or more of the applicable percentage ratios in respect of the 20% Disposal is, on an aggregated basis, greater than 25% and less than 100%, as calculated under Rule 14.07 of the Listing Rules, the 20% Disposal is a major transaction for the Company under the Listing Rules and is, therefore, subject to Shareholders' approval.

As at the date of this announcement, Bluestone, CFS and PIEL together hold an aggregate of 439,713,389 Shares, representing approximately 79.3% of the issued share capital of the Company. The Company has received written shareholders' approvals from Bluestone, CFS and PIEL, which together hold more than 50% in nominal value of the issued share capital of the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the 20% Disposal. It is anticipated that a circular containing further information relating to the 20% Disposal and other information required by the Listing Rules will be despatched to the Shareholders on or before 22 June 2015, for information purposes only.

If the sale of Ports BVI's remaining 80% shareholding in Ports HK were to proceed, it would constitute a very substantial disposal for the Company and would be conditional on Shareholders' approval and maintaining the Company's listing. If a sale and purchase agreement is entered into in relation to the sale of Ports BVI's remaining 80% shareholding in Ports HK, the Company would publish a further announcement and would comply with the Listing Rules requirements for a very substantial disposal.

Important Notice

Shareholders and potential investors should note that Oriental Fortune's payment obligation under the Framework Agreement is limited to RMB600 million for the 20% interest in Ports HK. Any subsequent transaction in respect of Ports BVI's remaining 80% shareholding in Ports HK would be subject to negotiation and agreement of a sale of purchase agreement containing the terms of such a transaction and there is no assurance that any subsequent transaction will take place. **Shareholders and potential investors should, therefore, exercise caution when dealing in the Company's shares.**

INTRODUCTION

On Sunday, 31 May 2015, Ports BVI entered into the Framework Agreement with Oriental Fortune, pursuant to which Ports BVI has agreed to sell, and Oriental Fortune has agreed to purchase, an aggregate 20% shareholding in Ports HK, which holds substantially all of the Group's existing fashion and apparel business. The Framework Agreement also provides for the possible sale of the remaining 80% shareholding in Ports HK, subject to Oriental Fortune introducing an independent third party buyer to Ports BVI and Ports BVI agreeing the detailed terms of such disposal in a separate sale and purchase agreement.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

Date

31 May 2015

Parties

- (1) Ports BVI, as seller
- (2) Oriental Fortune, as purchaser

Disposal of an aggregate 20% shareholding in Ports HK

Ports BVI has agreed to sell a 6% shareholding in Ports HK to Oriental Fortune for a cash consideration of RMB180 million. Pursuant to the Framework Agreement, Oriental Fortune has agreed to transfer the consideration payment to a bank account designated by Ports BVI within 7 working days after the entering into of the Framework Agreement. Ports BVI has agreed to transfer the relevant shares in Ports HK to Oriental Fortune within 7 working days after receipt of the consideration payment.

The Framework Agreement provides that Oriental Fortune will be permitted to conduct due diligence in respect of Ports HK and its PRC subsidiaries for a period of 30 days.

The Framework Agreement provides that, if there is no material difference between the findings of Oriental Fortune's due diligence review and the information disclosed by Ports BVI, Ports BVI and Oriental Fortune will enter into a sale and purchase agreement, pursuant to which Ports BVI will sell an additional 14% interest in Ports HK to Oriental Fortune for a cash consideration of RMB420 million. The consideration for the 20% Disposal would, therefore, be RMB600 million. The Framework Agreement provides that Oriental Fortune would transfer the consideration payment to a bank account designated by Ports BVI within 15 working days after the entering into of such sale and purchase agreement and that Ports BVI would transfer the relevant shares in Ports HK to Oriental Fortune within 7 working days after receipt of such payment. The Framework Agreement further provides that if there is any material difference between the findings of Oriental Fortune's due diligence review and the information disclosed by Ports BVI, Oriental Fortune may request Ports BVI to return the cash consideration of RMB180 million already paid to Ports BVI and transfer the shares in relation to the sale of 6% shareholding in Ports HK back to Ports BVI.

Possible sale of the Company's remaining 80% interest in Ports HK

In addition to the 20% Disposal referred to above, the Framework Agreement provides that Oriental Fortune will, within 90 days after completion of the sale of the 14% interest in Ports HK referred to above, identify and introduce to Ports BVI a third party purchaser to make an offer to purchase the remaining 80% interest in Ports HK for a consideration of RMB2.4 billion. Such possible sale is subject to Ports BVI negotiating and entering into a separate sale and purchase agreement with the third party purchaser containing the terms of the transaction. Ports BVI has been advised by its PRC legal counsel that this arrangement does not constitute a legally binding commitment to buy or sell Ports BVI's remaining 80% shareholding in Ports HK and that a legally binding commitment would only arise on the entry into by Ports BVI and the third party purchaser to be introduced of a separate detailed sale and purchase

agreement containing the terms of such a transaction. The Framework Agreement provides that any such sale and purchase agreement would include a condition that applicable regulatory consents be obtained by the Company and the proposed purchaser, including approvals required under the respective applicable listing rules of the Company and (if applicable) the proposed purchaser (which would include shareholders' approval required by Company under the Listing Rules for a very substantial disposal).

Other terms

The Framework Agreement contemplates that Ports HK and its PRC subsidiaries shall declare and pay a cash dividend in the amount of RMB1.5 billion to Ports BVI and that Oriental Fortune would not be entitled to receive any amount of that dividend in respect of the shareholding in Ports HK purchased by Oriental Fortune.

The Framework Agreement includes a co-sale right in favour of Oriental Fortune if the possible sale of Ports BVI's remaining 80% shareholding in Ports HK to a purchaser introduced by Oriental Fortune does not proceed and Ports BVI were to seek to sell its shares in Ports HK to a third party.

The Framework Agreement is governed by PRC law and subject to arbitration by China International Economic and Trade Arbitration Commission. The Framework Agreement is legally binding, except that, as described above and advised by PRC legal counsel, the provisions relating to the possible sale and purchase of Ports BVI's remaining 80% shareholding in Ports HK are not legally binding on either Ports BVI or Oriental Fortune.

REASONS FOR AND BENEFITS OF THE 20% DISPOSAL

In the Company's strategic business review referred to in the Company's final results announcement on 31 March 2015, the Company's management concluded that the future prospects in its traditional fashion and apparel business are difficult and challenging. This has been reflected in the downward trend in the Company's financial performance over the last few years. The downward trend has been caused by various factors, including consumers' move from traditional retailing to Internet purchases and the macro political environment in the PRC.

In light of this circumstance, Company management have concluded that the interests of Shareholders would be better served by exiting from the Company's traditional fashion and apparel business and shifting the Company's strategic focus to related sectors of the PRC economy which are expected to produce better returns for Shareholders going forward. As referred to in the Company's announcement on 8 May 2015 and in the Company's final results announcement on 31 March 2015, the Company is actively exploring strategic options to expand its business activities and explore other possible investment opportunities, with a view to maximizing shareholder returns. The 20% Disposal is the first step of the Company's strategy. The net book value of the 20% shareholding in Ports HK is approximately RMB111.4 million, and the consideration for the 20% Disposal is RMB600 million. There will be a gain of approximately RMB488.6 million on the 20% Disposal.

The Company intends to use the proceeds from the 20% Disposal (and, if it proceeds, the proceeds from the sale of Ports BVI's remaining 80% shareholding in Ports HK) for investment in related sectors of the PRC economy which are expected to produce better

returns for shareholders going forward. However, as at the date of this announcement, no legally binding agreement or term sheet has been entered into in relation to any such investment. The Company will make further announcements in relation to the Company's reinvestment plans, in accordance with the requirements of applicable law and the Listing Rules, to keep Shareholders and potential investors informed of material developments.

The consideration for the 20% Disposal was agreed based on arm's length third party negotiation, including determination of the goodwill which the PORTS brand enjoys in the market and the distribution system which Ports HK has established in the PRC market.

The Directors believe that the terms of the 20% Disposal are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE COMPANY, PORTS BVI AND PORTS HK

The Company is primarily engaged in the wholesale and retail distribution of ladies' and men's fashion apparels and accessories such as shoes, handbags, eyewear, scarves and fragrances in the PRC, the United States of America, Canada and Europe, under the PORTS brand name. As at 31 December 2014, the Group operated 310 retail stores. The Group currently operates most of its business activities in the PRC market and is one of the leading international fashion companies in the PRC.

Ports BVI is an investment holding subsidiary of the Company incorporated in the British Virgin Islands, which is principally engaged, through its subsidiaries, in the sales of garments. Ports BVI directly holds a 100% interest in Ports HK.

Ports HK is a subsidiary of Ports BVI and the Company. Ports HK holds substantially all of the Group's existing fashion and apparel business. It holds, either directly or indirectly, the following equity interests in the following PRC companies:

- (a) 100% equity interest in Ports Fashion (Xiamen) Ltd.;
- (b) 100% equity interest in Cpax Ltd.;
- (c) 100% equity interest in Xiamen Xiangyu Ports Trading Co., Ltd.;
- (d) 100% equity interest in Ports International (Beijing) Co., Ltd.;
- (e) 100% equity interest in Xiamen Ports Fashion Co., Ltd.;
- (f) 100% equity interest in Xiamen Dibo Fashion Co., Ltd.;
- (g) 51% equity interest in Xiamen Weijue Optical Co., Ltd.; and
- (h) 51% equity interest in Xiamen Baozhan Trading Co., Ltd.

The net asset value of Ports HK as at 31 December 2014 (as shown in its unaudited consolidated financial statements as at that date) was approximately RMB2.079 billion. After the payment of the cash dividend in the amount of RMB1.5 billion and the deduction of minority interest, the net asset value of Ports HK will be approximately RMB557 million.

The net profits of Ports HK before and after taxation and extraordinary items for the financial year ended 31 December 2013 (as shown in its unaudited financial statements in respect of that financial year) were approximately RMB443.5 million and approximately RMB312 million respectively.

The net profits of Ports HK before and after taxation and extraordinary items for the financial year ended 31 December 2014 (as shown in its unaudited financial statements in respect of that financial year) were approximately RMB370.9 million and approximately RMB274 million respectively.

Following the completion of the 20% Disposal, Ports HK will continue to be a subsidiary of the Company.

INFORMATION ON ORIENTAL FORTUNE

Oriental Fortune is a company incorporated in the PRC principally engaged in fund management and private equity investment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Oriental Fortune and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the 20% Disposal is, on an aggregated basis, greater than 25% and less than 100%, as calculated under Rule 14.07 of the Listing Rules, the 20% Disposal is a major transaction for the Company under the Listing Rules and is, therefore, subject to Shareholders' approval.

So far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on the resolution to approve, the 20% Disposal if the Company were to convene a general meeting to approve the 20% Disposal.

As at the date of this announcement: (a) Bluestone holds 140,037,752 Shares, representing approximately 25.3% of the issued share capital of the Company; (b) CFS holds 250,187,637 Shares, representing approximately 45.1% of the issued share capital of the Company; and (c) PIEL holds 49,488,000 Shares, representing approximately 8.9% of the issued share capital of the Company. Bluestone and CFS are owned by PIEL as to 100% and 97.52% respectively. As at the date of this announcement, Bluestone, CFS and PIEL together hold an aggregate of 439,713,389 Shares, representing approximately 79.3% of the issued share capital of the Company. The Company has received written shareholders' approvals from Bluestone, CFS and PIEL, which together hold more than 50% in nominal value of the issued share capital of the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the 20% Disposal. It is anticipated that a circular containing further information relating to the 20% Disposal and other information required by the Listing Rules will be despatched to the Shareholders on or before 22 June 2015, for information purposes only.

If the sale of Ports BVI's remaining 80% shareholding in Ports HK were to proceed, it would constitute a very substantial disposal for the Company and would be conditional on Shareholders' approval and maintaining the Company's listing. If a sale and purchase agreement is entered into in relation to the sale of Ports BVI's remaining 80% shareholding in Ports HK, the Company would publish a further announcement and would comply with the Listing Rules requirements for a very substantial disposal.

IMPORTANT NOTICE

Shareholders and potential investors should note that Oriental Fortune's payment obligation under the Framework Agreement is limited to RMB600 million for the 20% interest in Ports HK. Any subsequent transaction in respect of Ports BVI's remaining 80% shareholding in Ports HK would be subject to negotiation and agreement of a sale of purchase agreement containing the terms of such a transaction and there is no assurance that any subsequent transaction will take place. **Shareholders and potential investors should, therefore, exercise caution when dealing in the Company's shares.**

DEFINITIONS

In this announcement, the following terms and expressions (unless the context otherwise requires) shall have the following meanings:

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| “Bluestone” | Bluestone Global Holdings Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of PIEL; |
| “Board” | the board of directors of the Company; |
| “CFS” | CFS International Inc, a company incorporated in Canada and owned by PIEL as to 97.52%; |
| “Company” | Ports Design Limited, a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange with Stock Code 0589; |
| “connected person(s)” | has the same meaning ascribed to it in the Listing Rules; |
| “Director(s)” | the director(s) of the Company from time to time; |
| “Framework Agreement” | the framework agreement dated 31 May 2015 entered into between Ports BVI and Oriental Fortune in relation to, among other things, the sale and purchase of a 20% shareholding in Ports HK; |
| “Group” | the Company and its subsidiaries; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Oriental Fortune” | Shenzhen Oriental Fortune Capital Co., Ltd., a company incorporated in the PRC; |
| “PIEL” | Ports International Enterprises Limited, a company incorporated in the British Virgin Islands; |

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| “Ports BVI” | Ports Asia Holdings Limited, a company with limited liability incorporated in the British Virgin Islands, wholly owned by the Company; |
| “Ports HK” | Ports Asia Holdings (Hong Kong) Limited, a company with limited liability incorporated in Hong Kong, wholly owned by Ports BVI; |
| “PRC” | the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Shareholders” | registered holders of the Shares; |
| “Shares” | ordinary shares of the Company of HK\$0.0025 each; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “subsidiaries” | has the meaning ascribed to it in the Listing Rules; |
| “20% Disposal” | the proposed sale of an aggregate 20% shareholding in Ports HK by Ports BVI under the Framework Agreement in two tranches of 6% and 14%, respectively, as described in this announcement; and |
| “%” | per cent. |

By Order of the Board
Ports Design Limited
Alfred Chan
Executive Director

Hong Kong, 1 June 2015

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Alfred Chan
Mr. Pierre Bourque
Mr. He Kun

Independent Non-executive Directors:

Mr. Lin Tao
Mr. Zheng Wanhe
Mr. Antonio Gregorio