PORTICO INTERNATIONAL HOLDINGS LTD

PORTICO INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 0589)

INTERIM REPORT 2015

CONTENTS

CORPORATE PROFILE

Portico International Holdings Limited (the "Company", together with its subsidiaries, the "Group") is a conglomerate intending to engage in multiple areas of business. While it is in the process of identifying appropriate business opportunities in various industries, at the moment, it is primarily engaged in the wholesale and retail distribution of ladies' and men's fashion apparel and accessories such as shoes, handbags, eyewear, scarves and fragrances in China, the U.S., Canada and Europe. As at 30 June 2015, the Group operated 311 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 China.

The Group markets and sells its branded products in the PRC through concessions in major department stores, retail stores in upscale shopping arcades and stand-alone flagship retail outlets. These retail outlets are located in over 60 cities in China, including, among others, Beijing, Shanghai, Chongqing, Shenzhen, Tianjin, Xi'an and Dalian.

The Group has also entered into various licensing and cooperation agreements with top tier international brands such as BMW Lifestyle, Armani and Versace, pursuant to which the Group has been granted with the right to sell their selected products in dedicated retail outlets operated by the Group in the PRC. In particular, Bayerische Motoren Werke AG ("BMW") has granted the Group the right to use the BMW trademark and BMW logo on BMW Lifestyle products that are manufactured by the Group and the right includes the license to design and manufacture products such as watches, sunglasses and leather goods. The right to market BMW Lifestyle products in China, other than in BMW car dealer showrooms, is exclusive to the Group during the term of the license.

The Group reports its business under "Retail" and "Others" segments. The Retail segment mainly comprises of the branded products retail business and BMW Lifestyle retail business. The Others segment comprises the OEM business (which exports merchandise under the brands requested by its OEM customers in North America, Europe and Asia), wholesale of branded merchandize including eyewear and export of BMW Lifestyle goods to North America and Europe.

CORPORATE INFORMATION

Directors

Executive Directors:

Mr. Alfred Chan *(Chief Executive Officer)*
Mr. Pierre Bourque
Mr. He Kun

Independent Non-executive Directors:

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

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Headquarters

No. 698, Qiaoying Road
Jimei District, Xiamen,
China 361021

Principal Place of Business in Hong Kong

Suite 102, Sunbeam Center
27 Shing Yip Street
Kwun Tong
Kowloon, Hong Kong

Company Secretary

Ms. Irene Wong

Authorized Representatives

Mr. Alfred Chan
Mr. Pierre Bourque

Audit Committee

Mr. Lin Tao *(Chairman)*
Mr. Antonio Gregorio
Mr. Zheng Wanhe

Remuneration Committee

Mr. Zheng Wanhe *(Chairman)*
Mr. Alfred Chan
Mr. Lin Tao

Nomination Committee

Mr. Alfred Chan *(Chairman)*
Mr. Lin Tao
Mr. Antonio Gregorio

Principal Share Registrar and Transfer Office

Appleby Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Principal Bankers

Hong Kong & Shanghai Banking Corporation Limited,
Xiamen Branch, PRC

Bank of China (Hong Kong) Limited,
International Finance Centre Branch, Hong Kong

Company Website

http://www.portico-intl.com

Stock Code

00589.HK

FIVE-YEAR FINANCIAL SUMMARY

(Financial figures are expressed in Renminbi ("RMB") million)

	For the six months ended 30 June		For the year ended 31 December				
	2015	2014	2014	2013	2012	2011	2010
Operating Results							
Revenue	**848**	965	1,879	2,137	2,098	1,985	1,718
Profit from operations	**56**	108	170	411	481	566	510
Profit attributable to shareholders	**16**	55	73	293	351	430	473

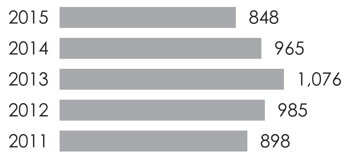
	As at 30 June		As at 31 December				
	2015	2014	2014	2013	2012	2011	2010
Assets and liabilities							
Non-current assets	**670**	651	648	646	703	583	396
Current assets	**2,411**	2,416	2,401	2,383	2,318	2,580	2,007*
Current liabilities	**880**	921	871	975	1,087	1,312	746*
Net current assets	**1,531**	1,494	1,530	1,408	1,231	1,268	1,261
Total assets less current liabilities	**2,200**	2,145	2,177	2,054	1,933	1,851	1,657
Non-current liabilities	**88**	70	80	31	81	7	8
Shareholders' Equity	**2,090**	2,051	2,075	1,997	1,839	1,833	1,649

* *Restated*

Revenue
(RMB million)

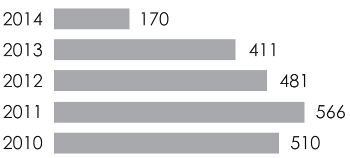
For the year ended 31 December

For the six months ended 30 June

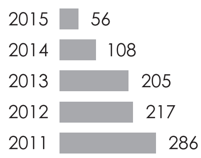


Profit from Operations
(RMB million)

For the year ended 31 December

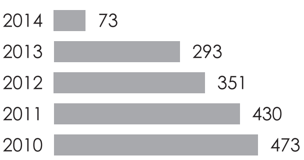


For the six months ended 30 June

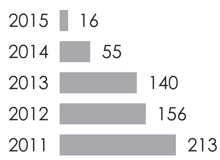


Profit Attributable to Shareholders
(RMB million)

For the year ended 31 December

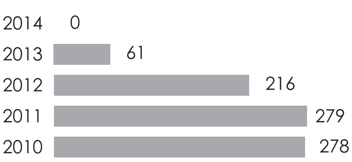


For the six months ended 30 June

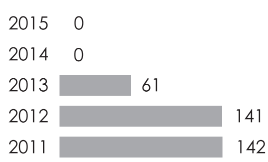


Dividend History*
(RMB million)

For the year ended 31 December



For the six months ended 30 June



* *The figure illustrates dividends declared for the period indicated, not actual dividends paid during the period indicated.*

STATEMENT OF THE CHIEF EXECUTIVE OFFICER

The first half of 2015 has marked a significant chapter in the history of the Group. The Company has changed its name to "Portico International Holdings Limited", which better reflects the strategic shift in the business direction of the Group. Apart from its fashion retail business, which continues to receive very encouraging acclaims from peers and plaudits across the globe, the Group is looking to establish itself as a diversified holding company engaging in a wide spectrum of businesses, taking into consideration the dynamics of the rapid development and growing influence of China in various fields in the world. Our process of identifying appropriate opportunities is at a fairly embryonic stage but we have already been very excited about the potentials and prospects ahead.

With the vast experience and expertise of the management team, the Company is well positioned and equipped to broaden its investment and business horizon with the ultimate goal of enhancing returns to its shareholders. Attention is always placed on the directions of the Central Government of China, given that favourable policies are expected to follow to support its implementation. Among other concepts and initiatives, the announcement of the "Internet Plus" policy by the PRC premier Li Keqiang is one which impacts on our operations. It is indeed a timely echo and reflection of the rapid penetration of internet related services and businesses, which encourages deeper integration of the internet with the economic and social sectors to form new industrial modes that will serve as a key driving force of economic growth. As an active retail player in China, it is clear to us that the distinction between online and offline is blurring with the rise of e-commerce and it calls for a serious review of our operations and business model to ensure that we are able to reap benefits from this rising trend, which is unparalleled in terms of its speed and scale. In this connection, we will analyse the potential of expanding and extending our involvement in areas of business which can complement our existing operations and are in line with the core idea and rationale of the PRC government's "Internet Plus" policy. Apart from strengthening and expanding our business model along the lines of our existing operations, we also contemplate investing in areas with a promising future, such as the health care sector (including pharmaceutical products and the medical devices industry), in light of the general public's increasing health concerns due to improvements of their living standards. While participation in new business ventures of this nature will certainly require a high standard of technical know-how and in-depth industry understanding, we are capable of overcoming such hurdles by leveraging our strong network and connections with top-class industry advisors and potential partners due to our long term business establishment in China for over 20 years. This allows us to evaluate any opportunity in the most professional manner and ensure that investment decisions will be made only after a diligent industry and business review.

Overall, I remain cautiously optimistic about the future of the Group in the midst of the current economic uncertainty around the world, triggered by the recent depreciation of Renminbi and the projection of hiking interest rate from the U.S. Federal Reserve. I always believe that crisis brings opportunity and my confidence has always been reinforced by the quality and commitment of our management team who is working tirelessly, with the support from advisors and professionals, in exploring how the Group may reap benefits during this revolutionary period of development of China. Last but not the least, I wish to take this opportunity to sincerely thank all our business partners, our shareholders and most importantly, our management team and employees for their dedicated support throughout the years.

Alfred Chan
Chief Executive Officer

28 August 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

REVENUE

Revenue of the Group decreased from RMB965.0 million in 1H2014 to RMB847.8 million in 1H2015, representing a decrease of 12.1%. Revenue comprises two different segments: Retail and Others.

Retail Revenue

Retail revenue decreased from RMB877.2 million in 1H2014 to RMB778.5 million in 1H2015, representing a decrease of 11.3%. The anti-extravagance campaign of the PRC government has continually impacted on the consumption appetite for luxury goods in the PRC, which has attributed to such reduction in sales. As at 30 June 2015, the Group operated 311 retail stores in the PRC, Hong Kong, the U.S and Canada as compared with 310 retail stores as at 31 December 2014. In light of the current market environment, we have cautiously maintained and managed our retail network, including the optimization of our stores distribution across the country to enable our brand concept to be displayed in the best possible platform and at the same time, to maintain an overall economically efficient network. The contribution from Retail segment to total revenue slightly increased from 90.9% in 1H2014 to 91.8% in 1H2015.

Others Revenue

Others revenue decreased by 21.0%, from RMB87.8 million in 1H2014 to RMB69.3 million in 1H2015. Such decrease was resulted from the decrease in income from wholesale business. The contribution from Others segment to total revenue decreased from 9.1% in 1H2014 to 8.2% in 1H2015.

GROSS PROFIT

Gross profit decreased from RMB786.3 million in 1H2014 to RMB691.2 million in 1H2015, representing a decrease of 12.1%. Gross profit margin stood at 81.5% in 1H2015 (1H2014: 81.5%).

Retail Gross Profit

Retail gross profit decreased by 11.7% from RMB755.6 million in 1H2014 to RMB667.5 million in 1H2015. Retail gross profit margin slightly decreased to 85.7% in 1H2015 (1H2014: 86.1%).

Others Gross Profit

Others gross profit decreased from RMB30.7 million in 1H2014 to RMB23.7 million in 1H2015, representing a decrease of 22.8%. Weak luxury consumption environment has had a significant impact on our high-end eyeglass business, which resulted in a lower demand in our wholesale business. Others gross profit margin slightly decreased from 35.0% in 1H2014 to 34.2% in 1H2015.

OTHER REVENUE

Other revenue consisted of government subsidy, insurance compensation, design and decoration income, commission on liaison services as well as other receipts which may be recurrent or one-off in nature. Other revenue increased by 89.8%, from RMB2.9 million in 1H2014 to RMB5.5 million in 1H2015, mainly due to the increase in government subsidy and liaison service income.

OPERATING EXPENSES

Operating expenses decreased from RMB681.3 million in 1H2014 to RMB640.2 million in 1H2015, representing a decrease of 6.0%. Operating expenses consisted of distribution costs, administrative expenses and other operating expenses. A more detailed breakdown is set out as follows:

Distribution costs

Distribution costs mainly comprised of rental charges, salaries and benefits, stores and mall expenses, depreciation charges and advertising costs. Distribution costs decreased from RMB534.0 million in 1H2014 to RMB497.4 million in 1H2015, representing a decrease of 6.9% (1H2014 versus 1H2013: an increase of 1.8%). The decrease was mainly due to the decrease in rental charges and marketing expenses. Distribution costs as a percentage of Retail revenue increased to 63.9% in 1H2015 (1H2014: 60.9%).

Rental charges decreased by 9.6% (1H2014 versus 1H2013: an increase of 12.9%) from RMB258.9 million in 1H2014 to RMB234.2 million in 1H2015. This decrease was due to the reduction of rental charges in certain locations when the rent was determined under a turnover rent arrangement. Rental charges as a percentage of Retail revenue has risen to 30.1% in 1H2015 (1H2014: 29.5%).

Marketing expenses, including the advertising costs and promotion fee in relation to our brand development, decreased by 9.4% from RMB41.1 million in 1H2014 to RMB37.2 million in 1H2015. Social media and online platform, which have been well established and developed in the market, have offered an excellent marketing and promotional platform for the brand at a much lower cost. Marketing expenses as a percentage of Retail revenue has risen to 4.8% in 1H2015 (1H2014: 4.7%).

Administrative expenses

Administrative expenses decreased from RMB55.5 million in 1H2014 to RMB55.1 million in 1H2015, representing a decrease of 0.6%. The Company has adopted a prudent spending and cost control policy across its operations. Administrative expenses as a percentage of total revenue increased to 6.5% in 1H2015 (1H2014: 5.8%).

Salaries and benefits for administrative staff, the single largest category of administrative expenses, decreased from RMB32.6 million in 1H2014 to RMB30.7 million in 1H2015, representing a decrease of 5.6%. Salaries and benefits for administrative staff as a percentage of total revenue increased slightly to 3.6% in 1H2015 (1H2014: 3.4%).

Other operating expenses

Other operating expenses decreased from RMB91.9 million in 1H2014 to RMB87.7 million in 1H2015, representing a decrease of 4.5% or RMB4.2 million due to decrease in the stock provision during 1H2015. The Group closely monitored the inventory level and assessed the amount of stock provision from time to time based on historical experience, current market condition and the Group's business plan in future. In 1H2015, the stock provision made as a percentage of Retail revenue increased to 11.3% (1H2014: 10.5%).

PROFIT FROM OPERATIONS

The Group's profit from operations decreased from RMB107.9 million in 1H2014 to RMB56.3 million in 1H2015, representing a decrease of 47.8% or RMB51.5 million. The Group's operating margin (i.e. profit from operations expressed as a percentage of total revenue) declined from 11.2% in 1H2014 to 6.6% in 1H2015.

NET FINANCE INCOME

Net finance income decreased from RMB1.5 million in 1H2014 to RMB1.3 million in 1H2015, representing a decrease of 8.4%. In 1H2015, the Group reported an interest income of RMB14.7 million, representing a decrease of RMB2.1 million, from RMB16.8 million in 1H2014. On the other hand, interest expense for the Group decreased by RMB1.6 million, from RMB6.5 million in 1H2014 to RMB4.9 million in 1H2015, due to the reduction of interest-bearing borrowings. The Group recorded an exchange loss of RMB6.8 million in 1H2015, as compared to a loss of RMB6.1 million in 1H2014, as Euros denominated net assets depreciated against RMB during 1H2015.

INCOME TAX

The Group's income tax expense decreased by 23.3% from RMB52.2 million in 1H2014 to RMB40.0 million in 1H2015. The effective income tax rate increased from 47.7% in 1H2014 to 69.4% in 1H2015 due to certain current period losses for which no deferred tax assets was recognized.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

As a result of the factors discussed above, profit attributable to shareholders of the Company decreased from RMB55.0 million in 1H2014 to RMB16.3 million in 1H2015, representing a decrease of 70.4%.

FINANCIAL POSITION, LIQUIDITY AND GEARING RATIO

As at 30 June 2015, the Group had RMB1,364.8 million (as at 31 December 2014: RMB1,315.2 million) in cash and cash equivalents, fixed deposits with banks and pledged bank deposits. As at 30 June 2015, the Group had interest-bearing borrowings of RMB483.4 million, representing a decrease of 19.7% from RMB602.1 million as at 31 December 2014. As such, interest expenses decreased by 24.2% to 4.9 million in 1H2015 (1H2014: RMB6.5 million).

Net cash generated from operations activities was RMB49.7 million in 1H2015 as compared with RMB145.8 million in 1H2014, representing a decrease of 65.9% primarily due to the decrease in sales during 1H2015.

As at 30 June 2015, the Group's gearing ratio was 22.9% based on outstanding borrowings and total equity of RMB2,112.2 million (as at 31 December 2014: 28.7%). As at 30 June 2015, the current ratio was 2.74 based on current assets of RMB2,410.6 million and current liabilities of RMB879.9 million (as at 31 December 2014: 2.76).

CURRENCY RISK MANAGEMENT

The Group's cash balances from normal business operations are mainly deposited in RMB, HK$ and US$, with major banks in Hong Kong and the PRC and hence, the Group is exposed to foreign exchange risk arising from the fluctuation of exchange rate among those currencies. In particular, fluctuations in the RMB exchange rate against the US$ may have a negative impact due to the borrowings in US$. The management will continue to monitor the foreign exchange risks of the Group on a regular basis. The Group does not employ any financial instruments for hedging purposes.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2015, the Group had capital commitments of RMB40.5 million, as compared with RMB43.5 million as at 31 December 2014, which was authorized but not contracted for. The Group has no material contingent liabilities as at 30 June 2015.

CAPITAL STRUCTURE OF THE GROUP

The Group required working capital to support its manufacturing, retail and other operations. As at 30 June 2015, the Group had cash, cash equivalents, fixed deposits with banks and pledged bank deposits of RMB1,364.8 million, denominated principally in RMB and HK$. The directors of the Company ("Directors") believe that the cash balances and net cash inflow from operating activities are sufficient to support the operating activities of the Group.

CHARGES ON ASSETS

As at 30 June 2015, the Group's bank deposits in the amount of RMB210.6 million were pledged to secure banking facilities and bank borrowings granted to the Group.

HUMAN RESOURCES

As at 30 June 2015, the Group had approximately 4,600 employees. Total personnel expenses, comprised of wages, salaries, and benefits, amounted to RMB194.4 million in 1H2015, compared with RMB193.3 million in 1H2014, representing an increase of 0.5%. In 1H2015, total personnel expenses as a percentage of the Group's revenue was at 22.9 % (1H2014: 20.0%).

MAJOR TRANSACTION

On 31 May 2015, Ports Asia Holdings Limited ("Ports BVI") entered into the Framework Agreement with Shenzhen Oriental Fortune Capital Co., Ltd. ("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.

Due to the recent stock market condition in China, the Company has agreed, following discussions with Oriental Fortune on 28 July 2015, to assess the transactions ("Transactions") contemplated in the Company's announcement dated 1 June 2015 (the "Major Transaction Announcement") and the Company's circular dated 22 June 2015 (the "Major Transaction Circular"). The Company and Oriental Fortune are discussing the terms of the Transactions and the feasibility of implementing the Transactions in light of the current market conditions. Pending the completion of those discussions, the Transactions have been put on hold and will not proceed in accordance with the timetable contemplated in the Major Transaction Announcement and the Major Transaction Circular. The Company will make further announcements in relation to this matter, in accordance with the requirements of applicable law and the Listing Rules, to keep shareholders and potential investors informed of material developments.

CORPORATE GOVERNANCE

The board of Directors (the "Board") believes that high standards of corporate governance would effectively enhance the Company's value and safeguard the interests of shareholders. The Company is committed to the maintenance of good corporate governance practices within the Group. Below is a summary of the key areas in this regard:

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Based on the specific enquiry to all Directors, during 1H2015, each of the Directors has confirmed that they have complied with the required standards as set out in the Model Code. Reminder will be sent to the Board prior to the commencement of each black-out period in respect of dealings in securities of the Company.

Corporate Governance Code

The Company is committed to adhere to the principles and comply with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules during the period from 1 January 2015 to 30 June 2015.

Since the resignation of Mr. Edward Tan, the former Chairman of the Company, the Company has been in the search of personnel to be the Chairman of the Company. Mr. Pierre Bourque, an executive Director since the listing of the Company, is assuming the duties of the Chairman. Mr. Pierre Bourque is responsible for managing and providing leadership to the Board, initiating communication with other Board members, in particular the non-executive Directors and, where appropriate, and considering any matters proposed by other Directors for inclusion in the agenda of Board meeting. The Company will continue to look for appropriate candidate to take up the position as the Chairman and will notify our shareholders and the public as appropriate.

Mr. Alfred Chan, the Chief Executive Officer of the Company, is directly responsible for the day-to-day management of the business of the Company and the monitoring of the operational performance of the Company. The Chief Executive Officer also reviews and discusses with the Board members the business plans, the overall execution, and recommends courses of action needed to improve the performance of the Company. The roles of the Chairman and Chief Executive Officer are separate and exercised by different individuals.

Review of Accounts

The unaudited interim financial report of the Company and its subsidiaries for 1H2015 have been reviewed by our Audit Committee. The Company's auditors have attended our Audit Committee meeting to explain and address the issues raised by the committee members.

Our Audit Committee consists of three independent non-executive Directors, namely, Mr. Lin Tao (Chairman), Mr. Antonio Gregorio and Mr. Zheng Wanhe, with terms of reference in compliance with the Listing Rules.

Internal Control

The Board strives to attain and maintain sound and effective internal control. Following our appointment of FTI Consulting as the adviser on internal control in 2012, the Company has adopted and implemented various practices with the intention of strengthening the internal control and risk management processes of the Group. Further, the Group also regularly reviews the procedures of payment audit and seal management whereby we rotate seal management personnel periodically and conduct checks to ensure that the relevant personnel are competent. For new businesses or any changes on operation, all related departments would coordinate in advance to ensure accuracy and efficiency of the underlying financial and administrative works. In addition, trainings on latest applicable regulations are provided by KPMG, our auditors, to department managers who will ensure the implementation and compliance of the same in their respective departments.

OTHER INFORMATION

Directors

The Directors during the six months ended 30 June 2015 were:

Executive Directors:
Mr. Alfred Chan *(Chief Executive Officer)*
Mr. Pierre Bourque
Mr. He Kun

Independent non-executive Directors:
Mr. Lin Tao
Mr. Zheng Wanhe
Mr. Antonio Gregorio

Change in Information of Directors

The Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the annual report of the Company for year ended 31 December 2014.

Directors' and Chief Executives' Interests

As at 30 June 2015, the interests and short positions of each Director or chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations of the Company (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Shares of the Company of HK$0.0025 each ("Shares")

Name of Directors	Personal Interest	Corporate Interest	Total Interest	Percentage of total issued Shares
Mr. Alfred Chan[1]	200,000(L)	439,713,389(L)	439,913,389(L)	79.34(L)
Mr. Pierre Bourque	0	0	0	0
Mr. He Kun	0	0	0	0
Mr. Lin Tao	0	0	0	0
Mr. Zheng Wanhe	0	0	0	0
Mr. Antonio Gregorio	0	0	0	0

(L)— Long Position

Note:

1. *As at 30 June 2015, Mr. Alfred Chan owned 50% of the shareholding interest of Ports International Enterprises Limited ("PIEL"). PIEL held a long position of 49,488,000 Shares directly. 250,187,637 Shares were owned by CFS International Inc. ("CFS") and 140,037,752 Shares were owned by Bluestone Global Holdings Limited ("Bluestone"), both being direct subsidiaries of PIEL. Mr. Alfred Chan was deemed to be interested in 79.31% of the issued share capital of the Company by virtue of his interests in PIEL pursuant to Part XV of the SFO.*

As at 30 June 2015, other than the holdings disclosed above, none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

The Company adopted a share option scheme (the "Scheme") pursuant to the resolutions of the shareholders of the Company passed on 14 October 2003; the Scheme has expired on 13 October 2013:

1. The purpose of the Scheme was to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group.

2. The participants of the Scheme were (i) any employee of the Company, any of its subsidiaries or any entity in which any member of the Group held an equity interest ("Invested Entity"), including any executive Director of the Company; (ii) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; and (v) any person or entity that provides research, development or technological support to any member of the Group or any Invested Entity.

3. Unless otherwise approved by the shareholders in general meeting of the Company, the total number of Shares issued and which might fall to be issued upon exercise of the options granted under the Scheme to each participant in any 12-month period should not exceed 1% of the issued share capital of the Company from time to time.

4. An option might be exercised in whole or in part in accordance with the terms of the Scheme at any time during a period to be notified by the Directors to each grantee. The period for exercise might commence on the date upon which the offer for grant of options was made ("Offer Date") but should expire on the day immediately preceding the tenth anniversary of the Offer Date.

5. An option might be accepted by a participant within 28 days from the Offer Date.

6. Participants were required to pay HK$10 for each option within 28 days from the Offer Date.

7. The subscription price for shares under the Scheme, subject to any adjustment stipulated therein, should be a price determined by the Directors, but should be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations on the Offer Date; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

8. The first batch of share options granted under the Scheme on 3 November 2003 has expired on 2 November 2013. The second batch and third batch of share options granted under the Scheme have lapsed after the close of the option offer by Somerley Capital Limited on behalf of Bluestone on 11 March 2015. Details of this option offer are set out on pages 19 to 20 of this report.

9. As the Scheme has expired on 13 October 2013, there is no security available for issue under the Scheme as at 30 June 2015.

Details of the share options as at 30 June 2015 under the Scheme were as follows:

Second batch of Share option granted on 1 September 2006[1] (exercisable from 1 September 2006 until 31 August 2016[2] at exercise price of HK$11.68)

	Options held at 1/1/2015	Options exercised during 1H2015	Options lapsed during 1H2015	Options cancelled during 1H2015	Options held at 30/06/2015
Mr. Pierre Bourque	80,000	0	80,000	0	0
Mr. He Kun	200,000	0	200,000	0	0
Continuous contract employees	4,037,859	0	4,037,859	0	0

Third batch of Share option granted on 14 July 2009[1] (exercisable from 14 July 2009 until 13 July 2019[2] at exercise price of HK$17.32)

	Options held at 1/1/2015	Options exercised during 1H2015	Options lapsed during 1H2015	Options cancelled during 1H2015	Options held at 30/06/2015
Mr. Alfred Chan	250,000	0	250,000	0	0
Mr. Pierre Bourque	50,000	0	50,000	0	0
Mr. He Kun	180,000	0	180,000	0	0
Continuous contract employees	20,351,733	0	19,946,553	405,180	0
Others	100,000	0	100,000	0	0

Notes:

1. *On and subject to the terms of the Scheme, the options shall only be exercisable in respect of such part thereof that has been vested in accordance with the following manner:*

Fraction of the Shares covered under the option	***Vesting date***
1/3	*First anniversary of the offer date*
1/3	*Second anniversary of the offer date*
1/3	*Third anniversary of the offer date*

   The Board may in its absolute discretion relax or accelerate all or any of the above vesting periods in such manner as it may deem fit.

2. *All share options under the Scheme have lapsed after the close of the option offer by Somerley Capital Limited on behalf of Bluestone on 11 March 2015. Details of this option offer are set out on pages 19 to 20 of this report.*

Substantial Shareholders

The Company has been notified that, as at 30 June 2015, persons (other than directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Total number of Shares held	% of Issued share capital
Bluestone Global Holdings Limited[1]	Beneficial Owner	140,037,752(L)	25.26(L)
CFS International Inc.[1]	Beneficial Owner	250,187,637(L)	45.12(L)
Ports International Enterprises Limited[1]	Interest of Controlled Corporation	390,225,389(L)	70.38(L)
	Beneficial Owner	49,488,000(L)	8.93(L)
Mr. Edward Tan[2]	Beneficial Owner	250,000(L)	0.05(L)
	Interest of Controlled Corporation	439,713,389(L)	79.31(L)
維格娜絲時裝股份有限公司	Beneficial Owner	40,000,000(L)	7.21(L)
Hwabao Trust Co. Ltd.	Trustee	40,000,000(L)	7.21(L)

(L) — Long Position

Notes:

1. *As at 30 June 2015, PIEL was deemed to be interested in the 140,037,752 Shares held by Bluestone and 250,187,637 Shares held by CFS by virtue of PIEL's interest in Bluestone and CFS. Please also see Note 1 on page 15.*

2. *As at 30 June 2015, Mr. Edward Tan held 250,000 Shares, representing 0.05% of the issued share capital of the Company; Mr. Edward Tan was also deemed to be interested in the 439,713,389 Shares held by PIEL by virtue of Mr. Edward Tan's interest in PIEL.*

Save as disclosed above, the Company had not been notified of any other interests or short positions in the Shares or underlying Shares of the Company as at 30 June 2015 as recorded in the register required to be kept under section 336 of the SFO.

Purchase, Sales or Redemption of the Company's Listed or Redeemable Securities

During the 1H2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed or redeemable securities.

Change of Company Name

The English name of the Company has been changed from "Ports Design Limited" to "Portico International Holdings Limited" and "寶國國際控股有限公司" has been adopted as the Chinese name of the Company in replacement of "寶姿時裝有限公司" for identification purpose only with effect from 4 June 2015.

The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 7 July 2015 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Connected Transaction

On 5 September 2013, Cpax Ltd., a wholly-owned subsidiary of the Company, entered into a Subscription Term Sheet (the "Subscription") with TIA Cibani LLC and TC Brands LLC (collectively the "Issuers") and Ms. Tia Cibani, pursuant to which Cpax Ltd. agreed to conditionally subscribe for convertible bonds up to the principal amount of USD500,000 with zero coupon (the "Convertible Bonds") from each of the Issuers. On 4 November 2013, Zero Coupon Redeemable and Convertible Bonds Subscription Agreements were signed and completion of the Subscription took place on the same day.

Ms. Tia Cibani, the holder of the entire issued share capital of TIA CIBANI LLC and TC BRANDS LLC, is the sister-in-law of Mr. Alfred Chan, being a Director and the ultimate controlling shareholder (as such term is defined in the Listing Rules) of the Company and hence, Ms. Tia Cibani is an associate of a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

On 25 June 2015, Cpax Ltd. exercised its option to redeem the Convertible Bonds early and the Issuers repaid the entire principal amount of USD1,000,000 of the Convertible Bonds. As at 30 June 2015, there was no outstanding convertible bond held by the Company or its subsidiaries.

Mandatory General Offers

On 19 December 2014, Bluestone Global Holdings Limited (the "Offeror") and FIL Investment Management (Hong Kong) Limited (the "Seller") entered into a share purchase agreement (the "Share Purchase Agreement"), pursuant to which the Offeror agreed to purchase, and the Seller agreed to sell, 37,468,000 shares of the Company (the "Sale Shares"), for a total consideration of HK$112,404,000.00, equivalent to HK$3.00 per Sale Share. The Sale Shares represented approximately 6.8% of the issued share capital of the Company.

Immediately prior to the entering into of the Share Purchase Agreement, the Concert Parties (as defined in the Hong Kong Code on Takeovers and Mergers (the "Code")) of the Offeror collectively held a total of 185,074,773 shares of the Company (the "Shares"), representing approximately 33.3% of the issued share capital of the Company. On completion of the Share Purchase Agreement on 23 December 2014, the Offeror and its Concert Parties collectively held a total of 222,542,773 Shares, representing approximately 40.1% of the issued share capital of the Company. Accordingly, pursuant to Rule 26.1 of the Code, the Offeror was required to make a mandatory general offer to purchase all the issued Shares which were not already owned, or agreed to be acquired, by the Offeror and its Concert Parties (the "Share Offer").

The offer price of HK$3.00 per Share (the "Offer Price") was the same as the price per Share paid by the Offeror for the Sale Shares acquired under the Share Purchase Agreement.

Under Rule 13 of the Code, the Offeror made an offer (the "Option Offer"), together with the Share Offer, the "Offers") to cancel all outstanding share options granted by the Company pursuant to the share option scheme adopted by the Company on 14 October 2003 (the "Options"). Since the exercise prices of the outstanding Options were substantially above the Offer Price, the outstanding Options were out of the money and the offer price for the cancellation of each outstanding Option was set at a nominal value of HK$0.0001.

On 25 February 2015, the Offeror and its Concert Parties held or had received acceptances in respect of an aggregate of 297,473,903 Shares (representing approximately 53.7% of the issued share capital of the Company) and the Share Offer became unconditional in all respects. As the Share Offer had become unconditional in all respects, the Option Offer became unconditional in all respects on 25 February 2015 as well. The closing date for both the Share Offer and the Option Offer was extended from 26 February 2015 to 11 March 2015.

As at the close of the Offers on 11 March 2015, the Offeror had received valid acceptances in respect of 169,706,116 Shares under the Share Offer (representing approximately 30.6% of the issued share capital of the Company) and no acceptance under the Option Offer. Upon the close of the Offers, the Offeror and its Concert Parties held or had received acceptances in respect of an aggregate of 441,276,889 Shares (representing approximately 79.6% of the issued share capital of the Company); whereas 113,176,603 Shares, representing approximately 20.4% of the issued share capital of the Company, were held by the public. Accordingly, the minimum public float requirement of 25.0% under Rule 8.08(1)(a) and Rule13.32(1) of the Listing Rules was not satisfied.

On 25 July 2015, the Offeror disposed of the following Shares at HK$4.58 per Share, being the closing price of the Shares as quoted on the Stock Exchange on 24 July 2015:

(1) 25,500,000 Shares (representing approximately 4.60% of the issued share capital of the Company) to an independent third party(the "Disposal to Independent Third Party");

(2) 1,100,000 Shares (representing approximately 0.20% of the issued share capital of the Company) to Mr. He Kun, a director of the Company; and

(3) 220,000 Shares (representing approximately 0.04% of the issued share capital of the Company) to an employee of the Company.

Immediately after completion of the Disposal to Independent Third Party on 4 August 2015, 138,676,603 Shares, representing approximately 25.01% of the issued share capital of the Company, are held by the public. Accordingly, the minimum public float of 25% as required under Rule 8.08(1)(a) of the Listing Rules was restored after completion of the Disposal to Independent Third Party.

Significant Events

Save for matters in relation to the restoration of minimum public float of the Company as disclosed under "Mandatory General Offers" above, there have been no significant events affecting the Group which have occurred since 30 June 2015.

PORTICO INTERNATIONAL HOLDINGS LIMITED

(FORMERLY KNOWN AS PORTS DESIGN LIMITED)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2015

KPMG

REVIEW REPORT TO THE BOARD OF DIRECTORS OF PORTICO INTERNATIONAL HOLDINGS LIMITED (formerly known as PORTS DESIGN LIMITED)
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 23 to 46 which comprises the consolidated balance sheet of Portico International Holdings Limited (formerly known as Ports Design Limited) (the "Company") as at 30 June 2015 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim financial reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 August 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2015 (unaudited)

		Six months ended 30 June	
	Note	**2015** **RMB'000**	2014 RMB'000
Revenue	3	**847,786**	964,960
Cost of sales		**(156,567)**	(178,619)
Gross profit		**691,219**	786,341
Other revenue	4(a)	**5,450**	2,871
Other net expense	4(b)	**(111)**	(34)
Distribution costs		**(497,383)**	(533,968)
Administrative expenses		**(55,149)**	(55,490)
Other operating expenses		**(87,699)**	(91,854)
Profit from operations		**56,327**	107,866
Finance income		**14,710**	16,804
Finance costs		**(13,366)**	(15,337)
Net finance income	5(a)	**1,344**	1,467
Profit before taxation	5	**57,671**	109,333
Income tax	6	**(40,014)**	(52,183)
Profit for the period		**17,657**	57,150
Other comprehensive income for the period (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss: Exchange difference on translation of: — financial statements of overseas subsidiaries		**(1,027)**	(795)
Total comprehensive income for the period		**16,630**	56,355
Profit attributable to:			
Equity shareholders of the Company		**16,280**	54,965
Non-controlling interests		**1,377**	2,185
Profit for the period		**17,657**	57,150
Total comprehensive income attributable to:			
Equity shareholders of the Company		**14,836**	54,152
Non-controlling interests		**1,794**	2,203
Total comprehensive income for the period		**16,630**	56,355
Earnings per share (RMB)			
— Basic	7	**0.03**	0.10
— Diluted	7	**0.03**	0.10

The notes on pages 27 to 46 form part of this unaudited interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 17.

CONSOLIDATED BALANCE SHEET
at 30 June 2015 (unaudited)

	Note	**At 30 June 2015** ***RMB'000***	At 31 December 2014 *RMB'000*
Non-current assets			
Lease prepayments		**23,310**	23,563
Property, plant and equipment	9	**479,316**	456,270
Intangible assets		**—**	8,422
Deferred tax assets		**167,123**	159,280
		669,749	647,535
Current assets			
Inventories	*11*	**727,224**	721,551
Trade and other receivables, deposits and prepayments	*12*	**316,566**	364,283
Pledged bank deposits	*10*	**210,628**	284,945
Fixed deposits with banks		**546,306**	511,115
Trading securities		**2,023**	—
Cash and cash equivalents	*14*	**607,854**	519,176
		2,410,601	2,401,070
Current liabilities			
Trade payables, other payables and accruals	*15*	**381,648**	219,126
Interest-bearing borrowings	*16*	**475,332**	602,106
Current taxation		**22,905**	50,195
		879,885	871,427
Net current assets		**1,530,716**	1,529,643
Total assets less current liabilities		**2,200,465**	2,177,178
Non-current liabilities			
Interest-bearing borrowings	*16*	**8,019**	—
Trade payables, other payables and accruals	*15*	**67,285**	62,887
Deferred tax liabilities		**12,993**	17,443
		88,297	80,330
Net assets		**2,112,168**	2,096,848
Capital and reserves			
Share capital		**1,474**	1,474
Reserves		**2,088,846**	2,074,010
Total equity attributable to equity shareholders of the Company		**2,090,320**	2,075,484
Non-controlling interests		**21,848**	21,364
Total equity		**2,112,168**	2,096,848

Approved and authorised for issue by the board of directors on 28 August 2015.

Alfred Chan
Chief Executive Officer and Executive Director

Pierre Bourque
Executive Director

The notes on pages 27 to 46 form part of this unaudited interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2015 (unaudited)

		Six months ended 30 June	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Operating activities			
Cash generated from operations		**129,336**	238,598
Income tax paid		**(79,596)**	(92,754)
Net cash generated from operating activities		**49,740**	145,844
Investing activities			
Acquisition of property, plant and equipment		**(65,454)**	(64,098)
Proceeds from disposal of interests in subsidiaries	*18(a)*	**180,000**	—
Increase in fixed deposits with banks		**(35,191)**	(160,689)
Decrease in pledged bank deposits		**74,317**	140,706
Interest received		**10,190**	14,107
Other cash flows (used in)/arising from investing activities		**(1,921)**	344
Net cash generated from/(used in) investing activities		**161,941**	(69,630)
Financing activities			
Proceeds from interest-bearing borrowings		**290,173**	228,921
Repayment of interest-bearing borrowings		**(409,337)**	(227,543)
Dividends paid to equity shareholders of the Company		**—**	(15)
Dividends paid to holders of non-controlling interests		**—**	(4,573)
Interest expense paid		**(3,839)**	(7,327)
Net cash used in financing activities		**(123,003)**	(10,537)
Net increase in cash and cash equivalents		**88,678**	65,677
Cash and cash equivalents at 1 January	*14*	**519,176**	411,160
Cash and cash equivalents at 30 June	*14*	**607,854**	476,837

The notes on pages 27 to 46 form part of this unaudited interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2015 (unaudited)

		Attributable to equity shareholders of the Company									
		Share capital	**Capital reserve — staff share options issued (undistributable)**	**Capital reserve**	**Share premium**	**General reserve fund**	**Exchange reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2014		1,474	126,537	61,419	443,348	59,068	3,019	1,302,031	1,996,896	26,390	2,023,286
Changes in equity for the six months ended 30 June 2014											
Profit for the period		—	—	—	—	—	—	54,965	54,965	2,185	57,150
Other comprehensive income		—	—	—	—	—	(813)	—	(813)	18	(795)
Total comprehensive income		—	—	—	—	—	(813)	54,965	54,152	2,203	56,355
Dividends to holders of non-controlling interests		—	—	—	—	—	—	—	—	(4,573)	(4,573)
Balance at 30 June 2014 and 1 July 2014		1,474	126,537	61,419	443,348	59,068	2,206	1,356,996	2,051,048	24,020	2,075,068
Changes in equity for the six months ended 31 December 2014											
Profit for the period		—	—	—	—	—	—	18,273	18,273	(2,813)	15,460
Other comprehensive income		—	—	—	—	—	6,163	—	6,163	157	6,320
Total comprehensive income		—	—	—	—	—	6,163	18,273	24,436	(2,656)	21,780
Transfer to reserve		—	—	—	—	1,368	—	(1,368)	—	—	—
Balance as at 31 December 2014		1,474	126,537	61,419	443,348	60,436	8,369	1,373,901	2,075,484	21,364	2,096,848
Balance at 1 January 2015		1,474	126,537	61,419	443,348	60,436	8,369	1,373,901	2,075,484	21,364	2,096,848
Changes in equity for the six months ended 30 June 2015											
Profit for the period		—	—	—	—	—	—	16,280	16,280	1,377	17,657
Other comprehensive income		—	—	—	—	—	(1,444)	—	(1,444)	417	(1,027)
Total comprehensive income for the period		—	—	—	—	—	(1,444)	16,280	14,836	1,794	16,630
Share option expired during the period	17(c)	—	(126,537)	—	—	—	—	126,537	—	—	—
Disposal of interests in subsidiaries		—	—	—	—	—	—	—	—	(1,310)	(1,310)
Balance at 30 June 2015		1,474	—	61,419	443,348	60,436	6,925	1,516,718	2,090,320	21,848	2,112,168

The notes on pages 27 to 46 form part of this unaudited interim financial report.

1. Basis of preparation

Portico International Holdings Limited (formerly known as Ports Design Limited) ("the Company") is a company incorporated in Bermuda with limited liability. Pursuant to the resolution passed at the Annual General Meeting on 29 May 2015, the name of the Company has been changed from Ports Design Limited to Portico International Holdings Limited, with effect from 4 June 2015. The interim financial report of the Company for the six months ended 30 June 2015 comprises the Company and its subsidiaries (together referred to as the "Group").

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 28 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on page 22.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 31 March 2015.

2. Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company.

- Annual Improvements to IFRSs 2010–2012 Cycle

- Annual Improvements to IFRSs 2011–2013 Cycle

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following one reportable segment.

- Retail: this segment primarily derives revenue from retail sales in the People's Republic of China ("the PRC"). The products are either sourced externally or are manufactured in the Group's manufacturing facilities located in the PRC.

(a) Segment result and assets

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets represent inventories only.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment profit is gross profit less distribution costs directly attributable to the segment.

3. **Segment reporting** *(continued)*

(a) Segment result and assets *(continued)*

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Six months ended 30 June					
	Retail		Others(*)		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**778,497**	877,200	**69,289**	87,760	**847,786**	964,960
Reportable segment revenue	**778,497**	877,200	**69,289**	87,760	**847,786**	964,960
Reportable segment profit	**260,594**	413,004	**23,553**	30,703	**284,147**	443,707

	Retail		Others(*)		Total	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014	**30 June 2015**	31 December 2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment assets	**663,725**	668,127	**63,499**	53,424	**727,224**	721,551

(*) Revenue from segments below the quantitative thresholds are mainly attributable to three operating segments of the Group. Those segments include OEM sales, export sales and wholesales. None of those segments met any of the quantitative thresholds for determining reportable segments.

3. **Segment reporting** *(continued)*

(b) ***Reconciliations of reportable segment revenue, profit and assets***

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**778,497**	877,200
Other revenue	**69,289**	87,760
Consolidated turnover	**847,786**	964,960
Profit		
Reportable segment profit	**260,594**	413,004
Other profit	**23,553**	30,703
	284,147	443,707
Other revenue and other net expense	**5,339**	2,837
Distribution costs	**(90,311)**	(191,334)
Administrative expenses	**(55,149)**	(55,490)
Other operating expenses	**(87,699)**	(91,854)
Net finance income	**1,344**	1,467
Consolidated profit before taxation	**57,671**	109,333

	At 30 June	At 31 December
	2015	2014
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**663,725**	668,127
Other inventories	**63,499**	53,424
Consolidated inventories	**727,224**	721,551
Non-current assets	**669,749**	647,535
Trade and other receivables, deposits and prepayments	**316,566**	364,283
Pledged bank deposits	**210,628**	284,945
Fixed deposits with banks	**546,306**	511,115
Cash and cash equivalents	**607,854**	519,176
Trading securities	**2,023**	—
Consolidated total assets	**3,080,350**	3,048,605

4. Other revenue and other net expense

(a) Other revenue

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Liaison service income	**2,273**	567
Royalty income	**—**	47
Design and decoration income	**1,464**	1,129
Insurance compensation	**462**	469
Government subsidy (see note (i) below)	**950**	—
Others	**301**	659
	5,450	2,871

(i) The subsidy received from local government authorities is unconditional. The Group may note received government subsidy in the future.

(b) Other net expense

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Net realised and unrealised loss on trading securities	**(132)**	—
Net gain/(loss) on sales of property, plant and equipment	**21**	(34)
	(111)	(34)

5. Profit before taxation

Profit before taxation is arrived at after crediting:

		Six months ended 30 June	
		2015	2014
		RMB'000	*RMB'000*
(a)	**Net finance income**		
	Interest income	**(14,710)**	(16,804)
	Finance income	**(14,710)**	(16,804)
	Interest expense on bank loans repayable within five years	**4,930**	6,503
	Interest expense, net	**4,930**	6,503
	Net foreign exchange loss	**6,786**	6,112
	Others	**1,650**	2,722
	Finance costs	**13,366**	15,337
	Net finance income	**(1,344)**	(1,467)
(b)	**Other items**		
	Operating leases charges in respect of properties		
	— minimum lease payments	**111,487**	122,248
	— contingent rents	**122,764**	136,082
		234,251	258,330
	Depreciation	**54,687**	60,100
	Amortisation — lease prepayments	**253**	464
	Cost of inventories (note 11)	**244,266**	270,473

6. Income tax

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Current tax — PRC income tax	**44,307**	57,505
Deferred taxation	**(4,293)**	(5,322)
	40,014	52,183

(i) Pursuant to the rules and regulations of Bermuda, the Company is not subject to any income tax in Bermuda. Also, certain subsidiaries located in British Virgin Islands and Samoa Islands are not subject to any income tax in their local jurisdictions.

(ii) No provision for Hong Kong Profits Tax has been made during the six months ended 30 June 2015 and 2014 as the subsidiaries in Hong Kong did not earn any assessable income for Hong Kong Profits tax purpose.

(iii) All PRC subsidiaries are subject to income tax rate at 25% for the six months ended 30 June 2015 and 2014 under the Enterprise Income Tax law ("EIT law") which was enacted on 16 March 2007.

Pursuant to the EIT Law, 10% withholding tax is levied on the foreign investor (foreign investors which are registered in Hong Kong and meet certain requirements specified in the relevant tax regulations in the PRC may be entitled to a preferential 5% rate), in respect of dividend distributions arising from profit earned by a foreign investment enterprise in the PRC after 1 January 2008. As at 30 June 2015, deferred tax liabilities of RMB98,342 thousand (31 December 2014: 96,430 thousand) have not been recognised in respect of the tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits earned by the Group's subsidiaries in the PRC will not be distributed in the foreseeable future.

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on the profit attributable to equity shareholders of the Company of RMB16,280 thousand (2014: RMB54,965 thousand) and the weighted average number of 554,453,492 (2014: 554,453,492) ordinary shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2015 is based on the profit attributable to equity shareholders of the Company of RMB16,280 thousand (2014: RMB54,965 thousand) and the weighted average number of 554,453,492 (2014: 554,453,492) ordinary shares in issue.

The calculation of diluted earnings per share amount for the six months period ended 30 June 2014 did not include the potential effect of the deemed issue of shares under the Company's share option scheme for nil consideration into ordinary shares as it had an anti-dilutive effect on the basic earnings per share amount during the period.

As disclosed in note 17(c), no share option was outstanding and exercisable as at 30 June 2015. No dilutive effect on the basic earnings per share amount during the six months period ended 30 June 2015.

8. Related party transactions

Transactions with the following entities are considered as related party transactions for the six months ended 30 June 2015 and 30 June 2014.

Name of party	Relationship
Ports International Enterprises Limited	Ultimate parent company
CFS International Inc.	Immediate parent company
Ports International Retail Corporation	Fellow subsidiary company
PCD Stores (Group) Limited and its subsidiaries (referred as "PCD Group")	Company of which Alfred Chan is a director
Alfred Chan	Director of the Company and 50% equity interest holder of ultimate parent company
Edward Tan	50% equity interest holder of ultimate parent company
Ports of Knightsbridge Limited (referred as "PKL")	Company over which Edward Tan and Alfred Chan have significant influence
北京愛尚春天電子商務有限公司 (referred as "Beijing Aishang")	Company controlled by Alfred Chan and Edward Tan
Tia Cibani	Close member of the family of Alfred Chan
Fiona Cibani	Close member of the family of Alfred Chan

The Group also has a related party relationship with its directors and senior officers.

Particulars of significant transactions between the Group and the above related parties for the six months ended 30 June 2015 and 30 June 2014 are as follows:

(a) Transactions with key management personnel

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Short-term employee benefits	**1,049**	1,259

(b) Contribution to defined contribution retirement plans

The Group participates in a defined contribution plan managed by the local government authorities for its employees employed in the PRC and also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

The Group's contributions to these post-employment benefit plans amounted to RMB9,129 thousand for the six months ended 30 June 2015 (six months ended 30 June 2014: RMB8,975 thousand).

As at 30 June 2015 and 31 December 2014, there was no material outstanding contribution to post-employment benefit plans.

8. Related party transactions *(continued)*

(c) Sales, purchases and rental charges for concession counters

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Sales of goods to:		
Ports International Retail Corporation	**1,940**	2,052
Purchase of goods from:		
Ports International Retail Corporation	**2,983**	4,657
Rental fee charged by:		
PCD Group (i)	**12,322**	13,601
Commission fee charged by:		
Beijing Aishang	**24**	243

(i) The Group leased a number of concession counters located within shopping arcades in the PRC owned by certain subsidiaries of PCD Group. Proceeds from the Group's sales made in these concession counters totaling RMB56,434 thousand for the six months ended 30 June 2015 (six months ended 30 June 2014: RMB61,851 thousand) were collected by PCD Group. Settlement in respect of these concession sales was made net of the lease rental payable to these related parties.

(d) Subscription of convertible bonds

Ms. Tia Cibani is the holder of entire issued share capital of TIA Cibani LLC and TC Brands LLC (together referred as "the Issuers").

On 5 September 2013, Cpax Ltd, a wholly-owned subsidiary of the Company, entered into a Subscription Term Sheet ("the Subscription') with the Issuers and Ms. Tia Cibani, pursuant to which Cpax Ltd agreed to conditionally subscribe for convertible bonds up to the principal amount of USD 500,000 with zero coupon from each of the Issuers.

On 4 November 2013, Zero Coupon Redeemable and Convertible Bonds Subscription Agreements ("the Agreements") were signed between Ms. Tia Cibani, Cpax Ltd and each of the Issuers respectively.

8. Related party transactions *(continued)*

(d) Subscription of convertible bonds *(continued)*

Pursuant to the Agreements, Cpax Ltd. agreed to subscribe for the bonds according to the following schedule:

(i) one third to be subscribed upon the First Closing Date (date on which the first completion under the Agreements in respect of the Subscription occurs, which meant 4 November 2013);

(ii) one third to be subscribed within 6 months after the First Closing Date, provided that the Issuers have achieved the First Sales Target (the sales amount in the sum of USD 160,000 for E-store fall winter 2013 and wholesale spring summer 2014 collections);

(iii) one third to be subscribed within 12 months after the First Closing Date, provided that the Issuers have achieved the Second Sales Target (the sales amount in the sum of USD192,000 for E-store spring summer 2014 and wholesale fall winter 2014 collections).

The conversion period is 5 years commencing from the issuance of the convertible bonds. Cpax shall have the right to convert all the principle amounts of its holding of the convertible bonds at any time during the conversion period. When fully converted, Cpax would hold 51% of the Membership Interests of each of the Issuers pursuant to the Agreements.

Ms. Tia Cibani has no rights of redemption until the maturity date. Cpax Ltd is entitled to require redemption on an event of default as set out in the Agreements.

Cpax Ltd. subscribed for each the one third of the bonds in November 2013, May 2014 and July 2014 respectively. Pursuant to certain terms of the Agreements, the Group has consolidated the Issuers in its consolidated financial statements as at and for the year ended 31 December 2013 and 2014, as it is exposed, or has rights, to variable returns from its involvement with the Issuers and has the ability to affect those returns through its power over the Issuers.

On 25 June 2015, Cpax Ltd. early redeemed the convertible bonds in full (the "Early Redemption") and received the principal of USD 500,000 from each of the Issuers.

8. Related party transactions *(continued)*

(e) Other transactions

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Expenditure paid by the Group on behalf of:		
Ports International Retail Corporation	**57**	108
Expenditure paid on behalf of the Group by:		
Ports International Retail Corporation	**—**	585
Fiona Cibani	**—**	615
Rental fee reimbursed to:		
PKL (i)	**4,752**	6,925

(i) Pursuant to an agency agreement dated 25 April 2012, the Group appoints PKL to lease a property and make all the payment relating to the lease on its behalf. The Group agrees to make reimbursement of all payments made and pay an agency fee at 0.5% of the amount paid by PKL on the Group's behalf under the lease.

9. Property, plant and equipment

	At 30 June	At 31 December
	2015	2014
	RMB'000	*RMB'000*
Cost:		
Balance at 1 January	**950,853**	910,349
Acquisition, net off subsidy received for the period/year	**78,214**	87,348
Disposals for the period/year	**(19,187)**	(46,844)
Balance at 30 June/31 December	**1,009,880**	950,853
Depreciation:		
Balance at 1 January	**494,583**	426,405
Depreciation charge for the period/year	**54,687**	114,650
Disposals for the period/year	**(18,706)**	(46,472)
Balance at 30 June/31 December	**530,564**	494,583
Net book value:		
At 30 June/31 December	**479,316**	456,270

As at 30 June 2015, carrying amount of buildings pledged as collateral of the Group's bank loans was RMB14,295 thousand (31 December 2014: nil).

10. Pledged bank deposits

An analysis of the balance of pledged bank deposits is set out below:

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Pledged bank deposits maturing within one year		
— For guarantee (see note 16)	**203,975**	283,248
— Others	**6,653**	1,697
	210,628	284,945

11. Inventories

Inventories comprise:

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Raw materials	**80,220**	80,120
Work in progress	**47,433**	31,959
Finished goods	**598,277**	606,484
Goods in transit	**1,294**	2,988
	727,224	721,551

The analysis of the amount of inventories recognised as an expense is as follows:

	Six months ended 30 June	
	2015 *RMB'000*	2014 *RMB'000*
Cost of goods sold	**156,567**	178,619
Stock provision	**87,699**	91,854
	244,266	270,473

12. Trade and other receivables, deposits and prepayments

An ageing analysis of accounts receivable, based on revenue recognition date and net off allowance for doubtful debts, is as follows:

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Within 1 month	**110,583**	163,950
Over1 but within 3 months	**23,828**	24,043
Over 3 months but within 6 months	**3,954**	8,952
Over 6 months	**8,010**	3,167
Accounts receivables	**146,375**	200,112
Amounts due from related companies (note 13)	**18,314**	21,036
Advances to suppliers	**20,465**	17,794
Other receivables, deposits and prepayments	**131,412**	125,341
	316,566	364,283

Customers are normally granted credit terms of 0 to 90 days, depending on the credit worthiness of individual customers.

13. Amounts due from/(to) related companies

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Amounts due from related companies		
Ports International Retail Corporation	**7,101**	6,602
Beijing Aishang	**10**	57
PCD Stores (Group) Limited and its subsidiaries	**11,203**	14,377
	18,314	21,036

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Amounts due to related companies		
Ports International Retail Corporation	**3,879**	1,528
Fiona Cibani	**—**	612
PCD Stores (Group) Limited and its subsidiaries	**300**	300
	4,179	2,440

The amounts due from/(to) related companies are unsecured, interest-free and repayable on demand.

14. Cash and cash equivalents

An analysis of the balance of cash and cash equivalents is set out below:

	At 30 June 2015 ***RMB'000***	At 31 December 2014 *RMB'000*
Cash at bank and on hand	**297,906**	331,249
Time deposits with banks	**309,948**	187,927
	607,854	519,176

Time deposits with banks included in cash and cash equivalents are within three months of maturity at acquisition.

15. Trade payables, other payables and accruals

	At 30 June 2015 ***RMB'000***	At 31 December 2014 *RMB'000*
Current		
Accounts payable	**74,479**	85,240
Amounts due to related companies (note 13)	**4,179**	2,440
Other creditors and accruals	**122,987**	131,443
Consideration received for the partial disposal of equity interests in a subsidiary (note 18(a))	**180,000**	—
Dividends payable to the equity shareholders of the Company	**3**	3
	381,648	219,126
Non-current		
Other creditors and accruals	**67,285**	62,887
Total	**448,933**	282,013

An ageing analysis of accounts payable, based on the due date, is as follows:

	At 30 June 2015 ***RMB'000***	At 31 December 2014 *RMB'000*
Due within 1 month or on demand	**49,634**	51,436
Due after 1 month but within 3 months	**13,617**	13,557
Due after 3 months but within 6 months	**4,415**	10,834
Due after 6 months but within 12 months	**2,676**	5,921
Due after 1 year but within 2 years	**4,137**	3,492
	74,479	85,240

16. Interest-bearing borrowings

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Bank loans repayable within one year or on demand		
— Secured	**356,728**	484,166
— Unsecured	**118,604**	117,940
	475,332	602,106
Bank loans repayable after one year but within five years		
— Secured	**8,019**	—

The bank loans of the Group have maturity terms within five years and carry fixed interest rate during the borrowing period.

As at 30 June 2015, certain overseas banking facilities of the Group were guaranteed by letter of credits issued by certain banks located in the PRC. In respect of the guarantee provided by these PRC banks, certain subsidiaries' fixed deposits of RMB203,975 thousand (31 December 2014: RMB283,248 thousand) were pledged to those PRC banks as security.

As at 30 June 2015, certain bank loans of the Group were secured by mortgages over buildings with an aggregate carrying amount of RMB14,295 thousand (31 December 2014: nil).

The Renminbi equivalent of banking facilities of the Group amounted to RMB615,867 thousand (31 December 2014: RMB1,069,271 thousand) of which RMB605,623 thousand (31 December 2014: RMB724,486 thousand) were utilised as at 30 June 2015.

17. Capital, reserves and dividends

(a) Share capital

During the six months ended 30 June 2015 and 2014, no share options were exercised by the holders pursuant to the share option scheme adopted by the Company. Details of the share option scheme are disclosed in note 17(c).

(b) Dividends

(i) Dividends payable to the equity shareholders of the Company attributable to the period

The directors of the Company did not propose the payment of interim dividend for the six months ended 30 June 2015 (six months end 30 June 2014: nil).

(ii) Dividends payable to the equity shareholders of the Company attributable to the previous financial year

The directors of the Company did not propose the payment of final dividend for the financial year ended 31 December 2014 and 2013.

17. Capital, reserves and dividends *(continued)*

(c) Equity settled share-based transactions

In 2003, the Company adopted a share option scheme ("Share Option Scheme") of which key management personnel and employees would be entitled to subscribe for shares in the Company. The terms and conditions of the share option scheme are disclosed in the consolidated financial statements for the year ended 31 December 2014.

A summary of option movements for the six months ended 30 June 2015 is presented below:

	Six months ended 30 June 2015		Year ended 31 December 2014	
	Weighted average exercise price	**Number of shares involved in the options**	Weighted average exercise price	Number of shares involved in the options
At beginning of period/year	**HK$16.356**	**25,249,592**	HK$16.381	25,925,602
Exercised	**Nil**	**—**	Nil	—
Lapsed	**HK$16.356**	**(25,249,592)**	Nil	—
Forfeited	**Nil**	**—**	HK$17.320	(676,010)
Outstanding at end of period/year	**Nil**	**—**	HK$16.356	25,249,592
Exercisable at the end of period/year	**Nil**	**—**	HK$16.356	25,249,592

During the six months ended 30 June 2015, none of the Company's directors exercised options to subscribe for shares in the Company (2014: nil).

On 7 January 2015, on behalf of Bluestone, Somerley Capital Limited made mandatory general cash offers to acquire all the issued shares of the Company (the "Share Offer") and to cancel all the outstanding options of the Company (the "Option Offer"). On 25 February 2015, as the Share Offer had become unconditional in all respects, the Option Offer became unconditional in all respects as well. When the Share Offer and Option Offer were closed on 11 March 2015, all outstanding share options were lapsed in accordance with the terms of the Share Option Scheme. Accordingly, the amounts previously recognised in the capital reserve of RMB126,537 thousands in respect of these lapsed share options were released to retained profit in accordance with accounting policy set out in note 1(p)(ii) in the Group's 2014 annual financial statements.

No share option was outstanding and exercisable as at 30 June 2015.

18. Disposal of interests in subsidiaries

(a) Partial disposal of interests in Ports Asia Holdings (Hong Kong) Limited ("Ports HK")

On 31 May 2015, Ports Asia Holding Limited ("Ports BVI", wholly subsidiary of the Group) entered into the Framework Agreement with Shenzhen Oriental Fortune Capital Co., Ltd. ("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 "20% Disposal") according to the following timetable and subject to certain conditions:

(i) Ports BVI has agreed to sell and Oriental Fortune agreed to purchase 6% shareholding in Ports HK for a cash consideration of RMB180,000 thousands (the "6% Disposal"). The consideration of RMB180,000 thousand was received by Ports BVI on 5 June 2015;

(ii) Oriental Fortune would be permitted to conduct due diligence in respect of Ports HK and its PRC subsidiaries for a period of 30 days after Ports BVI has received the cash consideration of RMB180,000 thousands; and

(iii) Within 5 business days after the completion of the due diligence, Ports BVI should enter into a sale and purchase agreement with Oriental Fortune for completing the transfer of the additional 14% equity interests in Ports HK for a cash consideration of RMB420,000 thousands (the "14% Disposal") if no significant discrepancies exist between the findings of Oriental Fortune's due diligence review and the information disclosed by Ports BVI,. However, if significant discrepancies exist based on the results of the Oriental Fortune's due diligence, Oriental Fortune is not obliged to purchase the additional 14% equity interests in Ports HK and also possesses the right to request Ports BVI to refund the cash consideration of RMB180,000 thousands relating to the 6% Disposal already paid. Also, the legal title of the shares in Ports HK relating to the 6% Disposal should also be transferred back from Oriental Fortune to Ports BVI.

The Framework Agreement also provides for the possible sale of the remaining 80% shareholding in Ports HK (the "Possible 80% Disposal"), the completion of which should be 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.

Up to the date of the interim report, no sales and purchase agreement has been entered in respect of the 14% Disposal.

As the 6% Disposal was still subject to the abovementioned condition which had not been met as at 30 June 2015, the 6% Disposal had not been consummated as at 30 June 2015. The call option relating to the 14% Disposal offered to Oriental Fortune under the Framework Agreement was determined to have no significant value as at the grant date and 30 June 2015. The cash consideration of RMB180,000 thousands that had been received by the Group was recognized as a financial liability under other payables on the consolidated balance sheet as at 30 June 2015.

(b) As disclosed in note 8(d), the Group lost control over Tia Cibani LLC and TC Brands LLC upon the Early Redemption of convertible bonds by Cpax Ltd on 25 June 2015. The transaction was accounted for as a disposal of interests in Tia Cibani LLC and TC Brands LLC. There's no gain or loss arising from the disposal.

19. Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

		Fair value measurements at 30 June 2015 using		
	Fair value at 30 June 2015	**Quoted prices in active market for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets:				
Trading securities	2,023	2,023	—	—

During the six months ended 30 June 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the reporting period in which they occurred.

20. Commitments

(a) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Less than one year	**233,139**	214,274
Between one and five years	**714,289**	661,524
More than five years	**573,709**	614,882
	1,521,137	1,490,680

The leases normally run for an initial period of one to five years, with an option to renew the lease when all terms are renegotiated. In addition to the minimum rental payments disclosed above, the Group has a commitment to pay rent of a proportion of turnover for certain leased properties. Contingent rentals are not included in the above commitments as it is not possible to estimate the amounts which may be payable.

(b) Capital commitments

Capital commitments in respect of purchases of property, plant and equipment outstanding at 30 June 2015 and 31 December 2014 but not provided for in the interim financial report were as follows:

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Authorised but not contracted for	**40,500**	43,500

21. Non-adjusting events after the reporting period

After the balance sheet date, the 6% Disposal as mentioned in note 18 (a) has been completed.