



PORTICO INTERNATIONAL HOLDINGS LTD

PORTICO INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 0589)

INTERIM REPORT 2016

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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 the People's Republic of China (the "PRC"), the U.S., Canada and Europe. As at 30 June 2016, the Group operated 318 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 50 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. Zheng Wanhe
Mr. Antonio Gregorio

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. Zheng Wanhe
Mr. Antonio Gregorio

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

Estera Management (Bermuda) Limited
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

Bank of China 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				
	2016	2015	2015	2014	2013	2012	2011
Results							
Revenue	893	848	1,595	1,879	2,137	2,098	1,985
Profit/(loss) from operations	31	56	(23)	170	411	481	566
Profit/(loss) attributable to equity shareholders	4	16	(73)	73	293	351	430
	As at 30 June		As at 31 December				
	2016	2015	2015	2014	2013	2012	2011
Assets and liabilities							
Non-current assets	647	670	648	648	646	703	583
Current assets	1,759	2,411	2,062	2,401	2,383	2,318	2,580
Current liabilities	289	880	602	871	975	1,087	1,312
Net current assets	1,470	1,531	1,460	1,530	1,408	1,231	1,268
Total assets less current liabilities	2,116	2,200	2,108	2,177	2,054	1,933	1,851
Non-current liabilities	100	88	95	80	31	81	7
Equity attributable to equity shareholders of the Company	1,994	2,090	1,993	2,075	1,997	1,839	1,833

Revenue
(RMB million)

For the year ended 31 December

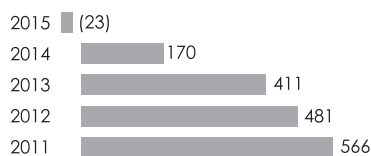


For the six months ended 30 June

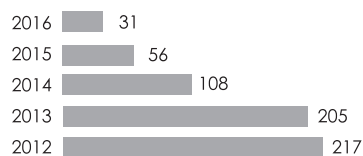


Profit/(loss) from Operations
(RMB million)

For the year ended 31 December

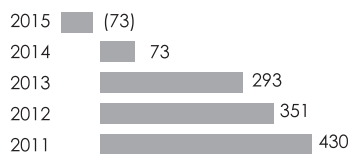


For the six months ended 30 June

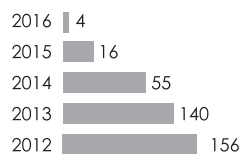


Profit/(loss) Attributable to Equity Shareholders
(RMB million)

For the year ended 31 December

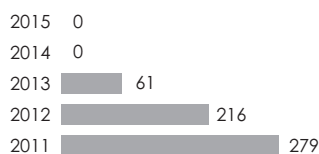


For the six months ended 30 June

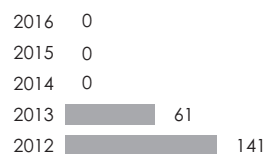


Dividend History*
(RMB million)

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

In the first half of 2016, the global economy continued to cope with an uncertain and volatile environment. The U.K.'s vote to leave the European Union in June caused turmoil in the financial markets and hit consumer confidence, while decelerating growth remained to be the case in China. All these factors have, to a certain extent, created a negative impact on affluent customers' spending appetite on luxury goods. No doubt, this posed a great challenge to us and our industry peers.

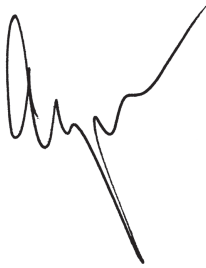
We cannot change the market environment. Nevertheless, we can do everything we can within the organization to ensure that we are as efficient, as competitive, as innovative and of such quality as any of our competitors. To achieve this, we have implemented cost cutting measures across all departments, including our sourcing, logistics and office administration departments. In addition, we aim to boost efficiency at marketing and retail fronts by having closer cooperation and coordination on marketing and sales initiatives which directly benefit customer traffic and sales. We have also continued to fine-tune and optimize our store network to ensure that our network comprises of stores with business efficiency strategic and marketing value to our brand.

While closure of stores might have a negative impact on our books, we do expect that such short term cost will bring a positive effect on profits in future. Concurrently, we continue to open stores at locations which allow PORTS 1961 to reach our target customers and are consistent with our high-end brand image. We have made good progress in this regard in the past 6 months, during which we have opened 16 stores and closed 11 stores based on the aforementioned principles.

Most importantly, we reckon that as an international fashion house with growing influence and reputation, trendy and fashionable design and merchandize which can reflect our brand DNA and fulfil our fans' expectation will be the key to success. To this end, we wish to deliver our sincere appreciation to the marvelous contribution from our Milan fashion studio as well as our designers' team. Our 2016 Spring Summer collection and Fall Winter collection for both menswear and ladieswear have received encouraging feedback and applause from critics and customers. Such growing acceptance and recognition within the industry attracts new customers as well as interests from globally renowned wholesale partners to distribute our merchandize, which can be evident by our significant increase in our revenue from the wholesale business in the first half of 2016. Our business development team has never rested on our laurels and we are continuing our hard work to further expand the wholesale business across the globe with potential partners who share the same vision and business objective.

Looking forward, the macro economic environment remains challenging and we may not expect a speedy or drastic recovery in the immediate future. Nevertheless, with our solid foundation, untiring efforts from the entire company and the experience and expertise of the management, we are confident that we can weather the storm and continue our journey in taking PORTS 1961 to different milestones in the fashion world in years ahead.

On behalf of the board of directors, I would like to express my heartfelt gratitude to all our colleagues, our management team, our business partners for their trust, assistance, commitment and contribution in the course of our development.

A handwritten signature in black ink, consisting of a series of loops and a long, sweeping tail that extends downwards and to the right.

Alfred Chan

Chief Executive Officer

26 August 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

REVENUE

Revenue of the Group increased from RMB847.8 million in 1H2015 to RMB892.7 million during the six-month period ended 30 June 2016 ("1H2016"), representing an increase of 5.3%. Revenue comprises two different segments: Retail and Others.

Retail Segment Revenue

Retail segment revenue increased from RMB778.5 million in 1H2015 to RMB813.0 million in 1H2016, representing an increase of 4.4%. Such increase was attributable to the increase of sales volume throughout 1H2016. As at 30 June 2016, the Group operated 318 retail stores in the PRC, Hong Kong, the U.S. and Canada, as compared to 313 retail stores as at 31 December 2015. A sluggish luxury retail demand in general has resulted in a decline of rental in certain prime space in core locations and in response to this, we have taken up locations which are prominent and fit our positioning. In light of the current economic environment, the management remains cautious in the management of the distribution network to ensure that it is overall economically efficient. The contribution from Retail segment to total revenue slightly decreased from 91.8% in 1H2015 to 91.1% in 1H2016.

Others Segment Revenue

Others segment revenue increased by 15.0%, from RMB69.3 million in 1H2015 to RMB79.7 million in 1H2016. While OEM business remains to be a stable revenue stream and has recorded a slight increase in revenue, the improvement in the revenue of this segment was primary driven by the increasing contribution from our wholesale business, following a stronger partnership with existing wholesale partners and the establishment of new partnerships in other Asian countries such as Japan, which offsets the effect of a reduction in income from the eye-glasses business. The contribution from Others segment to total revenue increased from 8.2% in 1H2015 to 8.9% in 1H2016.

GROSS PROFIT

Gross profit increased from RMB691.2 million in 1H2015 to RMB704.2 million in 1H2016, representing an increase of 1.9%. Gross profit margin decreased from 81.5% in 1H2015 to 78.9% in 1H2016.

Retail Segment Gross Profit

Retail segment gross profit increased by 2.2% from RMB667.5 million in 1H2015 to RMB682.1 million in 1H2016. Retail segment gross profit margin slightly decreased from 85.7% in 1H2015 to 83.9% in 1H2016 due to a higher contribution from the sales of discounted merchandize.

Others Segment Gross Profit

Others segment gross profit decreased from RMB23.7 million in 1H2015 to RMB22.1 million in 1H2016, representing a decrease of 6.8%. Although we have recorded an encouraging expansion in our wholesale business, however, there was a reduction in gross profit in this segment due to a decrease in the revenue from the eyeglasses business, which carries a higher profit margin than the wholesale business. However, the management considers that a growing and successful wholesale business is an important element for the promotion and penetration of PORTS 1961 merchandize to the target segments across the globe. Others segment gross profit margin decreased from 34.2% in 1H2015 to 27.7% in 1H2016.

OTHER REVENUE

Other revenue consisted of government subsidy, insurance compensation, design and decoration income as well as commission on liaison services. Other revenue decreased by 10.9%, from RMB5.5 million in 1H2015 to RMB4.9 million in 1H2016, mainly due to the decrease in government subsidy and commission on liaison services.

OPERATING EXPENSES

Operating expenses increased from RMB640.2 million in 1H2015 to RMB677.5 million in 1H2016, representing an increase of 5.8%. 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 increased from RMB497.4 million in 1H2015 to RMB503.9 million in 1H2016, representing an increase of 1.3% (1H2015 versus 1H2014: a decrease of 6.9%). The increase was mainly due to the increase in salaries and benefits for retail sales staff. Distribution costs as a percentage of retail segment revenue decreased to 62.0% in 1H2016 (1H2015: 63.9%).

Salaries and benefits for retail sales staff increased from RMB105.0 million in 1H2015 to RMB113.7 million in 1H2016, representing an increase of 8.3% (1H2015 versus 1H2014: 0.8%). Salaries and benefits for retail sales staff as a percentage of retail segment revenue slightly increased to 14.0% in 1H2016 (1H2015: 13.5%).

Administrative expenses

Administrative expenses increased from RMB55.1 million in 1H2015 to RMB57.7 million in 1H2016, representing an increase of 4.7%. Administrative expenses as a percentage of total revenue stood at 6.5% in 1H2016 (1H2015: 6.5%).

Salaries and benefits for administrative staff, the single largest category of administrative expenses, increased from RMB30.7 million in 1H2015 to RMB33.3 million in 1H2016, representing an increase of 8.5%. Salaries and benefits for administrative staff as a percentage of total revenue increased slightly to 3.7% in 1H2016 (1H2015: 3.6%).

Other operating expenses

Other operating expenses increased from RMB87.7 million in 1H2015 to RMB115.9 million in 1H2016, representing an increase of 32.2% or RMB28.2 million pre-dominantly attributed by the increase in the stock provision for the aging inventories. In 1H2016, the stock provision made as a percentage of retail segment revenue increased to 14.2% (1H2015: 11.3%).

PROFIT FROM OPERATIONS

The Group's profit from operations decreased from RMB56.3 million in 1H2015 to RMB31.2 million in 1H2016, representing a decrease of 44.6% or RMB25.1 million. The Group's operating margin (i.e. profit from operations expressed as a percentage of total revenue) declined from 6.6% in 1H2015 to 3.5% in 1H2016.

NET FINANCE INCOME

Net finance income increased from RMB1.3 million in 1H2015 to RMB5.7 million in 1H2016, representing an increase of 338.5%. In 1H2016, the Group reported an interest income of RMB4.7 million, representing a decrease of RMB10.0 million, from RMB14.7 million in 1H2015. On the other hand, interest expense for the Group decreased by RMB2.5 million, from RMB4.9 million in 1H2015 to RMB2.4 million in 1H2016, due to the reduction of bank loans. The Group recorded an exchange gain of RMB5.0 million in 1H2016, as compared to a loss of RMB6.8 million in 1H2015, as Euros, US\$ and HK\$ denominated net assets appreciated against RMB during 1H2016.

INCOME TAX

The Group's income tax expense decreased by 22.8% from RMB40.0 million in 1H2015 to RMB30.9 million in 1H2016. The effective income tax rate increased from 69.4% in 1H2015 to 83.8% in 1H2016 due to certain current period losses for which no deferred tax assets was recognized.

PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS

As a result of the factors discussed above, profit attributable to equity shareholders of the Company decreased from RMB16.3 million in 1H2015 to RMB4.5 million in 1H2016, representing a decrease of 72.4%.

FINANCIAL POSITION, LIQUIDITY AND GEARING RATIO

As at 30 June 2016, the Group had RMB697.9 million (as at 31 December 2015: RMB970.7 million) in cash and cash equivalents, fixed deposits with banks with original maturity over three months and pledged bank deposits. As at 30 June 2016, the Group had bank loans of RMB6.3 million, representing a decrease of 97.9% from RMB306.5 million as at 31 December 2015. As such, interest expenses decreased by 51.0% to 2.4 million in 1H2016 (1H2015: RMB4.9 million).

Net cash generated from operations activities was RMB66.2 million in 1H2016 as compared with RMB49.7 million in 1H2015, representing an increase of 33.2% primarily due to the decrease in income tax expense.

As at 30 June 2016, the Group's gearing ratio was 0.3% based on outstanding borrowings and total equity of RMB2,016.0 million (as at 31 December 2015: 15.2%). As at 30 June 2016, the current ratio was 6.08 based on current assets of RMB1,759.2 million and current liabilities of RMB289.5 million (as at 31 December 2015: 3.42).

CURRENCY RISK MANAGEMENT

The Group's cash balances from normal business operations are mainly deposited in RMB, HK\$, Euros 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. 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 2016, the Group had capital commitments of RMB51.0 million, as compared with RMB57.0 million as at 31 December 2015, which was authorized but not contracted for. The Group has no material contingent liabilities as at 30 June 2016.

CAPITAL STRUCTURE OF THE GROUP

The Group required working capital to support its manufacturing, retail and other operations. As at 30 June 2016, the Group had cash, cash equivalents, fixed deposits with banks with original maturity over three months and pledged bank deposits of RMB697.9 million, denominated principally in RMB, US\$, HK\$ and Euros. 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 2016, the Group's bank deposits in the amount of RMB19.0 million and buildings in the amount of RMB16.7 million were pledged to secure bank borrowings, letter of credit and letter of guarantee granted to the Group in connection with its operation in the ordinary course of business.

HUMAN RESOURCES

As at 30 June 2016, the Group had approximately 4,500 employees. Total personnel expenses, comprised of wages, salaries, and benefits, amounted to RMB204.9 million in 1H2016, compared with RMB194.5 million in 1H2015, representing an increase of 5.4%. In 1H2016, total personnel expenses as a percentage of the Group's revenue was at 23.0% (1H2015: 22.9%).

The remuneration of employees was determined with reference to the employees' responsibilities and experience, the performance and profitability of the Group as well as remuneration benchmarks from other companies in the retail industry and the prevailing market conditions. The Group currently does not have any share option scheme for employees.

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 1H2016, 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 has applied the principles and complied 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 2016 to 30 June 2016.

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

The Audit Committee has reviewed this interim report, comprising the unaudited consolidated financial statements of the Company for 1H2016. The unaudited interim financial report of the company for 1H2016 has also been reviewed by KPMG, external auditors of the Company.

Internal Control and Risk Management

The Board strives to attain and maintain sound and effective internal control and risk management. 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.

OTHER INFORMATION

Directors

The Directors during the six months ended 30 June 2016 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 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 2015.

Directors' and Chief Executives' Interests

As at 30 June 2016, 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)	412,893,389(L)	413,093,389(L)	74.50(L)
Mr. Pierre Bourque	0	0	0	0
Mr. He Kun	1,100,000(L)	0	1,100,000(L)	0.20(L)
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 2016, 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 113,217,752 Shares were owned by Bluestone Global Holdings Limited ("Bluestone"), both being direct subsidiaries of PIEL. Mr. Alfred Chan was deemed to be interested in 74.47% 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 2016, 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.

Substantial Shareholders

The Company has been notified that, as at 30 June 2016, 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	113,217,752 (L)	20.42 (L)
CFS International Inc. ¹	Beneficial Owner	250,187,637(L)	45.12(L)
Ports International Enterprises Limited ¹	Interest of Controlled Corporation	363,405,389(L)	65.54(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	412,893,389 (L)	74.47(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:

- As at 30 June 2016, PIEL was deemed to be interested in the 113,217,752 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 14.
- As at 30 June 2016, 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 412,893,389 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 2016 as recorded in the register required to be kept under section 336 of the SFO.

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

During 1H2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Significant Events

There have been no significant events affecting the Group which have occurred since 30 June 2016.

PORTICO INTERNATIONAL HOLDINGS LIMITED

(Stock code: 0589)

Unaudited Interim Financial Report

FOR THE SIX MONTHS ENDED 30 JUNE 2016



REVIEW REPORT TO THE BOARD OF DIRECTORS OF PORTICO INTERNATIONAL HOLDINGS LIMITED *(incorporated in Bermuda with limited liability)*

Introduction

We have reviewed the interim financial report set out on pages 18 to 36 which comprises the consolidated statement of financial position of Portico International Holdings Limited ("the Company") as of 30 June 2016 and the related consolidated statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month 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 2016 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

26 August 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
for the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi)

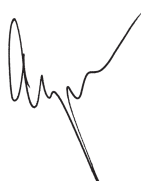
	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Revenue	3	892,696	847,786
Cost of sales		(188,500)	(156,567)
Gross profit		704,196	691,219
Other revenue	4(a)	4,859	5,450
Other net expense	4(b)	(351)	(111)
Distribution costs		(503,872)	(497,383)
Administrative expenses		(57,720)	(55,149)
Other operating expenses	4(c)	(115,902)	(87,699)
Profit from operations		31,210	56,327
Net finance income	5(a)	5,682	1,344
Profit before taxation	5	36,892	57,671
Income tax	6	(30,932)	(40,014)
Profit for the period		5,960	17,657
Other comprehensive income for the period (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of:			
— financial statements of overseas subsidiaries		(3,350)	(1,027)
Total comprehensive income for the period		2,610	16,630
Profit attributable to:			
Equity shareholders of the Company		4,465	16,280
Non-controlling interests		1,495	1,377
Profit for the period		5,960	17,657
Total comprehensive income attributable to:			
Equity shareholders of the Company		723	14,836
Non-controlling interests		1,887	1,794
Total comprehensive income for the period		2,610	16,630
Earnings per share (RMB cents)			
Basic	7(a)	1	3
Diluted	7(b)	1	3

The notes on pages 22 to 36 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 16.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2016 — unaudited
(Expressed in Renminbi)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Non-current assets			
Lease prepayments		22,516	22,770
Property, plant and equipment	8	424,677	438,904
Interest in an associate		2,838	2,951
Deferred tax assets		196,694	183,300
		646,725	647,925
Current assets			
Trading securities		1,375	1,590
Inventories	9	717,641	743,502
Trade and other receivables	10	342,340	346,713
Pledged bank deposits	12	19,048	110,928
Fixed deposits with banks with original maturity over three months		324,678	351,772
Cash and cash equivalents	13	354,124	507,958
		1,759,206	2,062,463
Current liabilities			
Trade and other payables	14	265,422	282,587
Bank loans	15	1,688	301,015
Current taxation		22,364	18,593
		289,474	602,195
Net current assets		1,469,732	1,460,268
Total assets less current liabilities		2,116,457	2,108,193
Non-current liabilities			
Trade and other payables	14	90,041	83,512
Bank loans	15	4,642	5,515
Deferred tax liabilities		5,743	5,745
		100,426	94,772
Net assets		2,016,031	2,013,421
Capital and reserves			
Share capital		1,474	1,474
Reserves		1,992,601	1,991,878
Total equity attributable to equity shareholders of the Company		1,994,075	1,993,352
Non-controlling interests		21,956	20,069
Total equity		2,016,031	2,013,421

Approved and authorised for issue by the board of directors on 26 August 2016.



Alfred Chan
Chief Executive Officer and Executive Director



Pierre Bourque
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Share capital RMB'000	Capital reserve — staff share options issued (undistributable) RMB'000	Capital reserve RMB'000	Share premium RMB'000	General reserve fund RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
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	—	—	—	—	—	(1,444)	16,280	14,836	1,794	16,630
Share option expired during the period	—	(126,537)	—	—	—	—	126,537	—	—	—
Disposal of interests in subsidiaries	—	—	—	—	—	—	—	—	(1,310)	(1,310)
Balance at 30 June 2015 and 1 July 2015	1,474	—	61,419	443,348	60,436	6,925	1,516,718	2,090,320	21,848	2,112,168
Changes in equity for the six months ended 31 December 2015										
Profit for the period	—	—	—	—	—	—	(89,010)	(89,010)	(1,810)	(90,820)
Other comprehensive income	—	—	—	—	—	(7,958)	—	(7,958)	31	(7,927)
Total comprehensive income	—	—	—	—	—	(7,958)	(89,010)	(96,968)	(1,779)	(98,747)
Appropriation to statutory reserve	—	—	—	—	576	—	(576)	—	—	—
Balance at 31 December 2015	1,474	—	61,419	443,348	61,012	(1,033)	1,427,132	1,993,352	20,069	2,013,421
Balance at 1 January 2016	1,474	—	61,419	443,348	61,012	(1,033)	1,427,132	1,993,352	20,069	2,013,421
Changes in equity for the six months ended 30 June 2016										
Profit for the period	—	—	—	—	—	—	4,465	4,465	1,495	5,960
Other comprehensive income	—	—	—	—	—	(3,742)	—	(3,742)	392	(3,350)
Total comprehensive income	—	—	—	—	—	(3,742)	4,465	723	1,887	2,610
Appropriation to statutory reserve	—	—	—	—	504	—	(504)	—	—	—
Balance at 30 June 2016	1,474	—	61,419	443,348	61,516	(4,775)	1,431,093	1,994,075	21,956	2,016,031

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Operating activities			
Cash generated from operations		106,767	129,336
Income tax paid		(40,558)	(79,596)
Net cash generated from operating activities		66,209	49,740
Investing activities			
Payment for the purchase of property, plant and equipment		(42,773)	(65,454)
Proceeds from disposal of interests in subsidiaries		—	180,000
Placement of fixed deposits at banks with original maturity over three months		(467,792)	(537,207)
Withdrawn of fixed deposits at banks with original maturity over three months		494,886	502,016
Placement of pledged bank deposits		(12,633)	(58,764)
Withdrawn of pledged bank deposits		104,513	133,081
Interest received		7,568	10,190
Other cash flows arising from/(used in) investing activities		31	(1,921)
Net cash generated from investing activities		83,800	161,941
Financing activities			
Proceeds from bank loans		—	290,173
Repayment of bank loans		(304,464)	(409,337)
Interest paid		(2,517)	(3,839)
Net cash used in financing activities		(306,981)	(123,003)
Net (decrease)/increase in cash and cash equivalents		(156,972)	88,678
Cash and cash equivalents at 1 January	13	507,958	519,176
Effect of foreign exchange rate changes		3,138	—
Cash and cash equivalents at 30 June	13	354,124	607,854

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1. Basis of preparation

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 26 August 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any 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 Portico International Holdings Limited (the "Company") and its subsidiaries (together the "Group") since the 2015 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 ("IFRSs").

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 17.

The financial information relating to the financial year ended 31 December 2015 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 2015 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 March 2016.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Expressed in Renminbi unless otherwise indicated)

2. Changes in accounting policies

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvements to IFRSs 2012–2014 Cycle*
- *Amendments to IAS 1, Presentation of financial statements: Disclosure initiative*

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. Revenue and segment reporting

(a) Revenue

The principal activities of the Group are design, manufacture, wholesale and retail distribution of ladies' and men's fashion apparel and accessories in the People's Republic of China (the "PRC"), the United States, Canada and Europe. Revenue represents the sales value of goods sold less returns, discounts and value added taxes.

(b) 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 PRC. The products are either sourced externally or are manufactured in the Group's manufacturing facilities located in the PRC.

(i) Segment results and assets

For the purposes of assessing segment performance and allocating resources between segments, the Group's most 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Renminbi unless otherwise indicated)

3. Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(i) Segment results 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	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Revenue from external customers	813,012	778,497	79,684	69,289	892,696	847,786
Reportable segment revenue	813,012	778,497	79,684	69,289	892,696	847,786
Reportable segment profit	244,882	260,594	22,130	23,553	267,012	284,147
	Retail		Others (*)		Total	
	30 June 2016 RMB'000	31 December 2015 RMB'000	30 June 2016 RMB'000	31 December 2015 RMB'000	30 June 2016 RMB'000	31 December 2015 RMB'000
	Reportable segment assets	654,932	687,106	62,709	56,396	717,641

* 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Renminbi unless otherwise indicated)

3. Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenue, profit and assets

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Revenue		
Reportable segment revenue	813,012	778,497
Other revenue	79,684	69,289
Consolidated revenue	892,696	847,786
Profit		
Reportable segment profit	244,882	260,594
Other profit	22,130	23,553
	267,012	284,147
Other revenue and other net expense	4,508	5,339
Distribution costs	(66,688)	(90,311)
Administrative expenses	(57,720)	(55,149)
Other operating expenses	(115,902)	(87,699)
Net finance income	5,682	1,344
Consolidated profit before taxation	36,892	57,671
	At 30 June	At 31 December
	2016	2015
	RMB'000	RMB'000
Assets		
Reportable segment assets	654,932	687,106
Other inventories	62,709	56,396
Consolidated inventories	717,641	743,502
Non-current assets	646,725	647,925
Trade and other receivables	342,340	346,713
Pledged bank deposits	19,048	110,928
Fixed deposits with banks with original maturity over three months	324,678	351,772
Trading securities	1,375	1,590
Cash and cash equivalents	354,124	507,958
Consolidated total assets	2,405,931	2,710,388

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Renminbi unless otherwise indicated)

4. Other revenue and other net expense

(a) Other revenue

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Liaison service income	989	2,273
Design and decoration income	2,747	1,464
Insurance compensation	1,082	462
Government subsidy	—	950
Others	41	301
	4,859	5,450

(b) Other net expense

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Net realised and unrealised losses on trading securities	197	132
Net loss/(gain) on sales of property, plant and equipment	41	(21)
Share of losses of an associate	113	—
	351	111

(c) Other operating expenses

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Inventory provision (note 9)	115,360	87,699
Impairment loss of property, plant and equipment (note 8(c))	542	—
	115,902	87,699

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Renminbi unless otherwise indicated)

5. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
(a) Net finance income		
Interest income	(4,678)	(14,710)
Interest expense on bank loans	2,367	4,930
Net foreign exchange (gain)/loss	(4,964)	6,786
Others	1,593	1,650
Net finance income	(5,682)	(1,344)
(b) Staff costs		
Contributions to defined contribution retirement plans	10,635	9,129
Salaries, wages and other benefits	194,233	185,363
	204,868	194,492
(c) Other items		
Depreciation	46,099	54,687
Amortisation	253	253
Operating lease charges in respect of properties		
— minimum lease payments	113,131	111,487
— contingent rents	124,261	122,764
Cost of inventories [#] (note 9)	303,860	244,266

[#] Cost of inventories for the six months ended 30 June 2016 includes RMB62,651,000 (six months ended 30 June 2015: RMB62,903,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each type of these expenses.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Renminbi unless otherwise indicated)

6. Income tax

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Current tax — PRC income tax	41,028	44,307
Deferred taxation	(10,096)	(4,293)
	30,932	40,014

- (i) Pursuant to the rules and regulations of Bermuda, the Group 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 2016 and 2015 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 at 25% for the six months ended 30 June 2016 and 2015 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 2016, deferred tax liabilities of RMB97,422,000 (31 December 2015: RMB98,987,000) 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Expressed in Renminbi unless otherwise indicated)*

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB4,465,000 (six months ended 30 June 2015: RMB16,280,000) and the weighted average number of 554,453,492 ordinary shares (six months ended 30 June 2015: 554,453,492 shares) in issue during the interim period.

(b) Diluted earnings per share

No share option was outstanding and exercisable as at 30 June 2016 and 2015, and therefore, diluted earnings per share are the same as the basic earnings per share.

8. Property, plant and equipment

- (a) During the six months ended 30 June 2016, the Group acquired items of fixtures, fittings and other fixed assets with a cost of RMB32,786,000 (six months ended 30 June 2015: RMB78,214,000).
- (b) Construction in progress with net book value of RMB16,679,000 as at 30 June 2016 and 31 December 2015 were pledged as collateral of the Group's bank loans (note 15).
- (c) As at 30 June 2016, the Group reviewed the performance on its retail stores and identified that some retail stores are under-performing. As a result, the Group assessed the recoverable amounts of leasehold improvements of these stores. Based on the assessment results, the carrying amount of leasehold improvement of certain stores was written down to their recoverable amount with an impairment loss of RMB542,000 recognised for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Renminbi unless otherwise indicated)

9. Inventories

Inventories comprise:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Raw materials	72,769	73,087
Work in progress	45,281	36,659
Finished goods	596,906	629,981
Goods in transit	2,685	3,775
	717,641	743,502

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Cost of sales	188,500	156,567
Inventory provision (note 4(c))	115,360	87,699
	303,860	244,266

10. Trade and other receivables

As of the end of the reporting period, the ageing analysis of trade receivables based on revenue recognition date and net off allowance for doubtful debts, is as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 1 month	118,414	147,637
Over 1 but within 3 months	40,451	9,875
Over 3 months but within 6 months	14,252	4,242
Over 6 months	5,338	6,200
Trade receivables net off allowance for doubtful debts	178,455	167,954
Amounts due from related parties (note 11)	3,446	3,989
Advances to suppliers	22,024	19,248
Other receivables, deposits and prepayments	138,415	155,522
	342,340	346,713

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Renminbi unless otherwise indicated)

11. Amounts due from/to related parties

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Amounts due from related parties		
Ports International Retail Corporation	3,284	3,801
Beijing Scitech Holdings Limited and its subsidiaries	162	188
	3,446	3,989

The amounts due from related parties are unsecured, interest free and repayable on demand.

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Amounts due to related parties		
Ports International Retail Corporation	5,747	7,087

The amounts due to related parties are unsecured, interest free and repayable on demand.

12. Pledged bank deposits

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Security for bank loans (note 15)	—	104,125
Security for letter of credit and letter of guarantee issued by banks	19,048	6,803
	19,048	110,928

13. Cash and cash equivalents

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Cash at bank and in hand	328,124	300,665
Fixed deposits with banks with original maturity within three months	26,000	207,293
	354,124	507,958

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Renminbi unless otherwise indicated)

14. Trade and other payables

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Current		
Accounts payable	62,039	75,341
Amounts due to related parties (note 11)	5,747	7,087
Other creditors and accruals	197,633	200,156
Dividends payable to the equity shareholders of the Company	3	3
	265,422	282,587
Non-current		
Other creditors and accruals	90,041	83,512
Total	355,463	366,099

An ageing analysis of trade payables at the end of the reporting period based on the date of receipt of goods is as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 1 month	45,958	50,555
Over 1 but within 3 months	9,819	10,045
Over 3 months but within 6 months	1,051	8,438
Over 6 months	5,211	6,303
	62,039	75,341

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Renminbi unless otherwise indicated)

15. Bank loans

As at 30 June 2016, the bank loans were repayable as follow:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bank loans repayable within one year or on demand	1,688	301,015
Non-current bank loans	6,330	7,175
Less: Repayable within one year	(1,688)	(1,660)
Bank loans repayable more than one year	4,642	5,515

As at 30 June 2016, the bank loans were secured as follow:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bank loans		
— Secured	6,330	180,554
— Unsecured	—	125,976
	6,330	306,530

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

Assets of the Group pledged to secure the bank loans comprise:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Pledged bank deposits (note 12)	—	104,125
Construction in progress [#] (note 8(b))	16,679	16,679
	16,679	120,804

[#] As at 30 June 2016, certain bank loans of the Group were secured by mortgages over buildings with an aggregate carrying amount of RMB16,679,000 (31 December 2015: RMB16,679,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Renminbi unless otherwise indicated)

16. Dividends

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

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2016 and 2015.

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

The directors of the Company did not recommend the payment of a final dividend for the financial year ended 31 December 2015 and 2014.

17. Fair value measurement of financial instruments

(a) Fair value hierarchy of trading securities

The fair value of trading securities was measured using Level 1 inputs as defined in IFRS 13, *Fair value measurement*, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

During the six months ended 30 June 2016 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2016 and 31 December 2015.

18. Commitments

(a) Operating lease commitments

Non-cancellable operating lease rentals for properties are payable as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Less than one year	206,711	204,010
Between one and five years	640,477	695,864
More than five years	351,426	518,539
	1,198,614	1,418,413

The leases normally run for an initial period of one to ten 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 with reference to revenue 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Renminbi unless otherwise indicated)

18. Commitments (continued)

(b) Capital commitments

Capital commitments in respect of purchase of property, plant and equipment outstanding at 30 June 2016 and 31 December 2015 but not provided for in the consolidated financial statements were as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Authorised but not contracted for	51,000	57,000

19. Material related party transactions

Transactions with the following entities are considered as significant related party transactions for the six months ended 30 June 2016 and 2015.

Name of party	Relationship
Ports International Enterprises Limited	Ultimate parent company
Ports International Retail Corporation	Fellow subsidiary company
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
Beijing Scitech Holdings Limited and its subsidiaries	Company controlled by Alfred Chan and Edward Tan

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 2016 and 2015 are as follows:

(a) Transactions with key management personnel

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Short-term employee benefits	1,160	1,049
Contributions to defined contribution retirement plans	10	9

Total remuneration is included in "staff costs" (note 5(b)).

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(Expressed in Renminbi unless otherwise indicated)

19. Material related party transactions *(continued)*

(b) Sales, purchases and rental charges

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Sales of goods to:		
Ports International Retail Corporation	3,430	1,940
Purchases of goods from:		
Ports International Retail Corporation	46	2,983
Rental fee charged to:		
Beijing Scitech Holdings Limited and its subsidiaries	282	—

(c) Other transactions

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Rental fee reimbursed to:		
PKL*	4,953	4,752

* 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.