

PROSPECTS

Looking forward to the remaining half year, since the US presidential election has proceeded into its critical stage, in the absence of any major unforeseeable adversity, global economic condition is expected to remain fairly stable. Although the China Government's macroeconomic measures have taken effect, the imposition of such measures will still last for some time. But, because GDP is still expected to grow at 7% or above, retail sentiment in the Mainland will not be adversely affected. The Group's retail businesses in the Mainland and Australia under the brand of Jeanswest are still growing strongly, and are expected to perform better than last year and will become the main driving force behind the growth of the Group's profit. Quiksilver will continue to open shops in major cities and to sponsor those related youth activities to promote its brand name. I.T will keep up with its shops opening programme of having 80 to 100 shops by the end of this year.

Although US dollar interest rate is moving up, the increases will be expected to be fairly slow and gradual and no major adverse impact on the retail sentiment is anticipated. Consequential to the imminent phasing out of export quota system in 2005, export business is expected to be very competitive and pricing pressure will persist. To maintain our competitiveness, our colleagues along the supply chain will strive to further simplify workflow, raise productivity and reduce cost.

BOARD OF DIRECTORS

Executive

Mr. Charles Yeung, S.B.S., J.P. (Chairman)
Mr. Yeung Chun Fan (Vice-chairman)
Mr. Yeung Chun Ho
Mr. Pau Sze Kee, Jackson
Mr. Hui Chung Shing, Herman, J.P.
Ms. Cheung Wai Yee

Independent non-executive

Mr. Wong Man Kong, Peter, B.B.S., J.P.
Mr. Lau Hon Chuen, G.B.S., J.P.

COMPANY SECRETARY

Mr. Liu Cheung Yuen



Interim Report
2004