

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of HK3.20 cents (2005: HK2.90 cents) per share for the six months ended 30 June 2006 to shareholders whose names appear on the register of members of the Company as at the close of business on Thursday, 12 October 2006. The interim dividend is expected to be paid to shareholders by post on or around Tuesday, 17 October 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 10 October 2006 to Thursday, 12 October 2006, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:00 p.m. on Monday, 9 October 2006.

REVIEW OF OPERATIONS

Both the retail and export businesses of the Group achieved double-digit growth for the first six months of the current financial year (the "Period"). Whilst China's austerity programme to regulate the overheated economy is still in force, economic growth in China remained spectacular with the retail market being resilient. Jeanswest's operations in the Mainland witnessed strong performance in terms of sales during the Period. In spite of the sluggish condition in the Australian retail market, Jeanswest Australia out-performed the market performance. Average unit price of the Group's exports had started to stabilize since the fourth quarter of 2005 with turnover contributed by the Group's export business picking up gradually. Business development of Quiksilver Glorious Sun has been good and encouraging with improved brand recognition in the Mainland. Business development of GSit has been on schedule. During the Period under review, the Group's retail, manufacturing and export businesses saw general increases in operating costs and intense competitions. Accordingly, the Management has strategically initiated certain changes and adjustments in operations.

Financial position of the Group remains sound. As at 30 June 2006, the Group had net cash of HK\$640,206,000 (2005: HK\$1,077,973,000) while the inventory level stayed at a healthy level.