

The shares of the Company were listed on the Main Board of the Stock Exchange on 12 May 2005. The Board is committed to maintaining high standard of corporate governance practices. Underlying this commitment is the Board's belief that good corporate governance is a reflection of the integrity, transparency and high ethical standards of a responsible business.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") came into effect on 1 January 2005. Since listing of the shares of the Company on the Stock Exchange on 12 May 2005 to 31 March 2006 (the "period under review"), the Company has complied with the code provision set out in the CG Code except for the deviation from provision A.2.1 in respect of the roles of chairman and chief executive officer of the Company. Explanations for such non-compliance are discussed later in this report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (the "Model Code") to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Based on specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the period under review.

BOARD OF DIRECTORS

The Board is charged with promoting the success and providing effective leadership of the Company. All Directors are aware of their collective and individual responsibilities to the shareholders and have duties to act in good faith of the Company.

The Board is responsible for formulating overall strategic direction of the Company, setting objectives for the management, monitoring and controlling the performance of the management.

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed three independent non-executive directors. The Board considers that all the independent non-executive directors have appropriate and sufficient industry or finance experience and qualifications to carry out their duties so as to protect the interests of the shareholders of the Company.

The Company has received from each of the independent non-executive directors an annual confirmation of their independence as required under Rule 3.13 of the Listing Rules. The Company considers all independent non-executive directors to be independent. The independent non-executive directors are explicitly identified in all corporate communications.

Each of the independent non-executive directors has taken up the role as an independent non-executive director for a term of one year commencing from 1 May 2005 and extended for one year (subject to retirement and re-election in accordance with the articles of association of the Company) and is entitled to HK\$120,000 per year in aggregate.

The Board comprises four executive directors and three independent non-executive directors. The biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

The members of the Board for the year ended 31 March 2006 and up to the date of this report are as follows:

Executive directors

Mr. Wong Yui Lam (*chairman and chief executive officer*)

Madam Tong She Man, Winnie

Madam Lee Yuk Ming

Mr. Yeung Yat Hang

Independent non-executive directors

Mr. Chu To Ki

Mr. Mak Wing Kit

Dr. Wong Yun Kuen

The relationship among the members of the Board are disclosed under the section headed "Directors and Senior Management" of this annual report.

THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

The roles of the chairman (the "Chairman") and chief executive officer (the "CEO") of the Company are not separated and are performed by the same person. Mr. Wong Yui Lam ("Mr. Wong") held and is holding both positions. CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Being the founder of the Group, Mr. Wong has substantial experience in the fashion business industry. The Board considers that the present structure provides the Group with strong and consistent leadership which facilitate the development of the Group's business strategies and execution of its business plans in a most efficient and effective manner. The Board believes that it is in the best interest of the shareholders that Mr. Wong continues to assume the roles of the Chairman and the CEO.

BOARD MEETINGS

Board meetings are scheduled in advance and notice of 14 days together with the agenda have been given to facilitate maximum attendance of Directors. At the meetings, the Directors were provided with the relevant documents to be considered and approved. Draft minutes of Board meetings are circulated to all Directors for comments. The company secretary of the Company is responsible for keeping minutes for the meetings of the Board. The Board held four meetings during the period under review. Individual attendance of each director at the meetings is set out below:

Member of the Board	Board meetings attended
Mr. Wong Yui Lam	4 out of 4
Madam Tong She Man, Winnie	4 out of 4
Madam Lee Yuk Ming	4 out of 4
Mr. Yeung Yat Hang	4 out of 4
Mr. Chu To Ki	4 out of 4
Mr. Mak Wing Kit	4 out of 4
Dr. Wong Yun Kuen	4 out of 4

BOARD COMMITTEES

Remuneration Committee

The Board established a remuneration committee on 22 April 2005 with terms of references in compliance with the CG Code. The remuneration committee comprises three independent non-executive directors, namely, Dr. Wong Yun Kuen, Mr. Chu To Ki and Mr. Mak Wing Kit. Mr. Mak Wing Kit is the chairman of the remuneration committee. The primary duties of the remuneration committee are to review and determine the terms of remuneration packages, bonus and other compensation payable to the Directors and senior management of the Company. The remuneration committee members may call any meetings at any time when necessary or desirable. The remuneration committee had not held any meeting during the period under review as the remuneration package and the service agreement of each director have been considered and approved at a full Board meeting held before the establishment of the remuneration committee. After the listing of the shares of the Company on the Stock Exchange, there is no appointment of any new director. It is the policy of the Company that the remuneration package of each director and senior management of the Company shall be determined by reference to the duties, responsibilities, experience and qualifications of each director.

Nomination Committee

The Board established a nomination committee on 22 April 2005 with terms of references in compliance with the CG Code. The nomination committee comprises three independent non-executive directors, namely, Dr. Wong Yun Kuen, Mr. Chu To Ki and Mr. Mak Wing Kit. Dr. Wong Yun Kuen is the chairman of the nomination committee. The nomination committee is mainly responsible for making recommendations to the Board on appointment of Directors and management of Board succession. The nomination committee members may call any meetings at any time when necessary or desirable. There was a meeting held during the period under review. During the meeting, it was considered and resolved that the term of the appointment of all of the independent non-executive directors shall be extended for one year.

According to the articles of association of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years. At a full Board meeting held on 13 July 2006, the Directors have reviewed the performance of Madam Tong She Man, Winnie, Madam Lee Yuk Ming and Mr. Yeung Yat Hang, the Directors who will retire at the forthcoming annual general meeting of the Company, and approved to recommend the re-election of such Directors at the forthcoming annual general meeting of the Company.

Audit Committee

The Board established an audit committee on 22 April 2005 with terms of references in compliance with the CG Code. The audit committee comprises three independent non-executive directors, namely, Mr. Mak Wing Kit, Mr. Chu To Ki and Dr. Wong Yun Kuen. Mr. Mak Wing Kit is the chairman of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. During the period under review, the audit committee held two meetings with full attendance.

In the first meeting, the audit committee reviewed the Group's pro forma consolidated financial statements for the year ended 31 March 2005 and the Company's financial statements for the period from 8 October 2004 (date of incorporation of the Company) to 31 March 2005 and also reviewed with the management and external auditors the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters.

In the second meeting, the audit committee reviewed with the management and external auditors the accounting principles and practices adopted by the Group and has also discussed auditing, internal control and financial reporting matters, including the review of the interim financial report for the six months ended 30 September 2005.

On 13 July 2006, the audit committee has also reviewed with the management and the external auditors the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters, including a review of the audited consolidated financial statements for the year ended 31 March 2006.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows of the Group for that year and in compliance with the relevant laws and disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 March 2006, the Directors have selected appropriate accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable, and have prepared the financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

EXTERNAL AUDITORS AND AUDITORS REMUNERATION

The Group has appointed Ernst & Young as the Group's principal auditors. The acknowledgement of their responsibilities on the financial statements are set out in the Report of the Auditors on page 33 of this annual report.

The remuneration paid to Ernst & Young, and its affiliated firms, for services rendered in respect of the year ended 31 March 2006 is as follows:

	HK\$'000
Statutory audit	1,248
Non-audit services	614
Total	1,862

COMMUNICATION WITH INVESTORS AND SHAREHOLDERS

To enhance transparency and effectively communicate with the investment community, the senior management of the Company actively maintains close communications with various investors, research analysts, fund managers and the media by convening roadshows, presentations at results announcement, one-on-one meetings and press conferences.

The Board also welcomes the views of shareholders on matters affecting the Company and encourages them to attend shareholders' meeting to communicate any concerns they might have with the Board.

SOCIAL RESPONSIBILITY

The Group is fully aware of its responsibility as a good corporate citizen. As such, the Group liaise with one of a non-profit social counseling organization to provide job placement for those youth who are forced to leave school and not yet able to find a job. This program has lasted for over ten years and aimed at helping young people to have the opportunity to reunite with the community.

During the period under review, the Company also sponsored Sowers Action (a charity organization) in its mission to help children of poor families in remote regions of the PRC a chance to receive education. The sponsorship, through a project and carnival held in June 2006, aimed also to arouse Hong Kong students and young people of Hong Kong at large, the awareness and support of Sowers Action's mission in helping the less fortunate. The Group believes this sponsorship is particularly in line with our corporate mission as patronage to our shops is mostly young people.