



**Best Miracle International Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8272

**2010/2011**  
First Quarterly Report

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This report, for which the directors (“**Directors**”) of BEST MIRACLE INTERNATIONAL LIMITED (“**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of Directors (the “**Board**”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 July 2010 together with the comparative unaudited figures for the previous corresponding period as follows:

## Condensed Consolidated Income Statement

For the three months ended 31 July 2010

		Three months ended 31 July	
	Notes	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
<b>Continuing Operations</b>			
Revenue	3	2,326	2,178
Cost of sales		(2,187)	(1,905)
Gross profit		139	273
Other income	4	2,048	58
Selling and distribution costs		—	(343)
General and administrative expenses		(9,003)	(5,635)
Change in fair value of financial assets held for trading		(35,280)	1,640
Finance costs		(89)	—
Share of profit of an associate		1,030	—
Loss before tax		(41,155)	(4,007)
Income tax	5	5,820	—
Loss for the period from continuing operations		(35,335)	(4,007)
<b>Discontinued Operations</b>			
Profit for the period from discontinued operation	6	—	2,820
<b>Loss for the period, attributable to owners of the Company</b>		<b>(35,335)</b>	<b>(1,187)</b>
Loss per share	8		
From continuing and discontinued operations — basic and diluted (HK cents)		(1.47)	(0.06)
From continuing operations — basic and diluted (HK cents)		(1.47)	(0.19)

## Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 July 2010

	Three months ended 31 July	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Loss for the period	(35,335)	(1,187)
Other comprehensive income		
Exchange difference arising on translation	—	177
Total comprehensive expenses for the period	(35,335)	(1,010)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 July 2010

## 1. General Information

The Company was incorporated in the Cayman Islands on 22 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the address of its principal place of business in Hong Kong is Room 1211–20, 12/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. The shares of the Company have been listed on GEM of the Stock Exchange since 27 June 2003.

The Company is an investment holding company. The condensed consolidated financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company.

## 2. Basis of Preparation and Principal Accounting Policies

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and included applicable disclosures required by the GEM Listing Rules.

The condensed consolidated financial statements have been prepared on the historical cost convention except for certain financial instruments, which are measured at fair values. Except as described below, the principal accounting policies applied in the preparation of these condensed consolidated financial information are consistent with those applied in the preparation of the Group’s consolidated financial statements for the year ended 30 April 2010.

## 2. Basis of Preparation and Principal Accounting Policies *(continued)*

In the current period, the Group has applied the following new and revised standards, amendments and interpretations (“**new and revised IFRSs**”) issued by the IASB and the International Financial Reporting Interpretations Committee (the “**IFRIC**”) of the IASB which are or have become effective.

IFRSs (Amendments)	Amendment to IFRSs 5 as part of Improvements to IFRSs 2008
IFRSs (Amendments)	Improvements to IFRSs 2009
IAS 1 (Amendment)	Presentation of Financial Statements
IAS 17 (Amendment)	Leases
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IAS 32 (Amendment)	Classification of Right Issues
IAS 36 (Amendment)	Impairment of assets
IAS 38 (Amendment)	Intangible assets
IAS 39 (Amendment)	Eligible hedged items
IFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
IFRS 2 (Amendment)	Share-based Payment: Group Cash-settled Share-based Payment Transactions
IFRS 3 (Revised)	Business Combinations
IFRIC 17	Distribution of Non-cash Assets to Owners

The adoption of the new and revised IFRSs had no material effect on the condensed consolidated financial statements for the current or prior accounting periods.

## 2. Basis of Preparation and Principal Accounting Policies *(continued)*

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

IAS 24 (Revised)	Related Party Disclosures <sup>2</sup>
IFRS 1 (Amendment)	Limited Exemptions from Comparative IFRS 7 Disclosures for First-time Adopters <sup>1</sup>
IFRS 9	Financial Instruments <sup>3</sup>
IFRIC 14 (Amendment)	Prepayment of a Minimum Funding Requirements <sup>2</sup>
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2010.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2011.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of IFRS 9 might affect the classification and measurement of the Group's financial assets.

The Directors of the Company anticipate the application of the other revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

### 3. Revenue

During the period under review, the Group's activities are organised into two main operating segments, including sales of apparel products ("Sales of apparel") and sales of electronic products ("Sales of electronic").

The following is an analysis of the Group's revenue by operating segment:

	<b>Three months ended 31 July</b>	
	<b>2010</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2009</b> <b>(Unaudited)</b> <b>HK\$'000</b>
<b>Continuing operations</b>		
Sales of apparel	—	2,178
Sales of electronic	<b>2,326</b>	—
	<b>2,326</b>	2,178

### 4. Other Income

	<b>Three months ended 31 July</b>	
	<b>2010</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2009</b> <b>(Unaudited)</b> <b>HK\$'000</b>
<b>Continuing operations</b>		
Bank interest income	—	5
Interest income from loan receivable	<b>478</b>	—
Gain on derecognition of derivative financial instruments — warrants	—	33
Management fee income	<b>275</b>	—
Consultancy fee income	<b>1,275</b>	—
Others	<b>20</b>	20
	<b>2,048</b>	58



## 5. Income Tax

	Three months ended 31 July	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
<b>Continuing operations</b>		
Current tax		
— Hong Kong	—	—
— Other jurisdictions	—	—
Deferred tax credit	(5,820)	—
	(5,820)	—

The Company is an exempted company incorporated in the Cayman Islands, as such it is not liable for taxation in the Cayman Islands on its non-Cayman Islands income.

No provision for Hong Kong profits tax or tax of other jurisdictions was made as the Group had no assessable profit during the periods.

## 6. Discontinued Operation

On 6 May 2009, the Company entered into a conditional sale and purchase agreement with Million Dragon Limited, an independent third party, to dispose of its entire interest in D Byford Holdings Limited and its subsidiaries (“D Byford Group”), which are involved in licensing business, for a consideration of HK\$45,000,000. On 31 August 2009, the sale and purchase agreement was completed and cash consideration of HK\$45,000,000 was received by the Company.

The profit for the period from discontinued operation is analysed as follows:

	<b>Three months ended 31 July</b>	
	<b>2010</b>	<b>2009</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	—	3,333
Cost of sales	—	—
Gross profit	—	3,333
Selling and distribution costs	—	(129)
General and administrative expenses	—	(315)
Profit before tax	—	2,889
Income tax expense	—	(69)
Profit for the period from licensing business	—	2,820

## 7. Dividend

The Board does not recommend the payment of dividend for the three months ended 31 July 2010 (three months ended 31 July 2009: Nil).

## 8. Loss Per Share

The calculation of basic and diluted loss per share is based on the following:

	Three months ended 31 July	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
<b>From continuing and discontinued operations</b>		
Loss for the period attributable to owners of the Company	(35,335)	(1,187)
<b>From continuing operations</b>		
Loss for the period from continuing operations	(35,335)	(4,007)
	'000	'000
Weighted average number of ordinary shares in issue	2,402,000	2,145,478

Diluted loss per share for the two periods ended 31 July 2010 and 2009 are the same as basic loss per share as the conversion price of the Company's outstanding share options and warrants during the periods was higher than the average market price of the Company's shares for the two periods ended 31 July 2010 and 2009.

NOTES TO THE CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS  
For the three months ended 31 July 2010

## 9. Reserves

	Share Capital	Share premium	Share options reserve	Special reserve	Translation reserve	Accumulated losses	Total equity attributable to owners of the Company
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 May 2009 (audited)	2,002	20,676	68,088	8,023	928	(85,844)	13,873
Total comprehensive income (expenses) for the period	—	—	—	—	177	(1,187)	(1,010)
Placing of new shares	400	79,600	—	—	—	—	80,000
Transaction costs attributable to placing of new shares	—	(1,993)	—	—	—	—	(1,993)
At 31 July 2009 (unaudited)	2,402	98,283	68,088	8,023	1,105	(87,031)	90,870
At 1 May 2010 (audited)	2,402	98,283	70,904	—	63	(31,062)	140,590
Total comprehensive expenses for the period	—	—	—	—	—	(35,335)	(35,335)
At 31 July 2010 (unaudited)	2,402	98,283	70,904	—	63	(66,397)	105,255

## Business Review

### Revenue

The Group's revenue from continuing operations for the three months ended 31 July 2010 (the **"Reporting Period"**) increased by HK\$148,000 or 7% to HK\$2,326,000 as compared with HK\$2,178,000 in last corresponding period (the **"Prior Period"**). The Group's continuing operations consist of two operating segments, namely Sales of apparel and Sales of electronic. The moderate increase in Group's revenue was mainly attributable to an increase in revenue from Sales of electronic.

### Share of profit of an associate

The share of profit of an associate in the amount of HK\$1,030,000 represents the Group's share of the results of Guangdong Zhen Rong Petrochemical Company Limited (**"Zhenrong"**), a company involved in the sale of energy related products in the People's Republic of China (the **"PRC"**). Following the successful registration of relevant oil product business licenses, tremendous growth in profit was achieved during the Reporting Period. The Board is optimistic on Zhenrong's contribution to Group results in the foreseeable future.

### Loss for the period

Loss attributable to owners of the Company for the Reporting Period was HK\$35,335,000, as compared with a loss of HK\$1,187,000 in the Prior Period. The deterioration in results was mainly due to the recognition of the loss on change in fair value of financial assets held for trading to the amount of HK\$35,280,000, the financial assets held for trading are securities listed on the Hong Kong Stock Exchange. In view of the significant loss incurred, a profit warning announcement was issued on 16 August 2010.

### Heads of terms on the proposed acquisition of instant noodles and soup base business

On 2 August 2010, Megamillion Asia Limited (the **"Purchaser"**), an indirect wholly-owned subsidiary of the Company entered into heads of terms (the **"Heads of Terms"**) with United Overseas Asset Management Limited (the **"Vendor"**) and Cheong Tat International Development Limited (the **"Target Company"**), both are independent third parties of the Company, pursuant to which the Purchaser intends to acquire from the Vendor a controlling stake in the Target Company, which holds a PRC company which in turn has entered into sale and purchase agreements to acquire controlling stake in two operating companies involved in the production and sales of instant noodles and soup base in the PRC. Details of the Heads of Terms had been set out in the Company's announcement dated 2 August 2010.

On 19 August 2010, the Purchaser entered into further heads of terms (the “**Further Heads of Terms**”) with the Vendor and the Target Company, pursuant to which the proposed consideration and the tentative timeframe for execution of the formal sale and purchase agreement as contemplated under the Heads of Terms were set out. It was determined that the Purchaser shall first acquire 85% of the equity interest in the Target Company at a consideration of not more than HK\$10,000,000, with the Purchaser, at its sole election and discretion, having the right to acquire the remaining 15% equity interest in the Target Company pending the achievement of a profit guarantee amount to be mutually agreed. Further, the Purchaser shall be liable for the capital commitment of the Target Company to the amount of HK\$160 million, and the parties shall use their best endeavors to enter into the formal sale and purchase agreement within one month from the date of the Further Heads of Terms. Details of the Further Heads of Terms had been set out in the Company’s announcement dated 19 August 2010.

## Capital Structure

There was no change in the Company’s capital structure during the Reporting Period. The issued share capital of the Company is divided into 2,402,000,000 ordinary shares of HK\$0.001 each.

## Liquidity and Financial Resources

The Group ended the Reporting Period with net bank balances and cash of HK\$4,444,000 (as at 30 April 2010: HK\$16,012,000), net current assets of HK\$60,648,000 (as at 30 April 2010: HK\$103,319,000) and other short term borrowing of HK\$2,584,000 (as at 30 April 2010: HK\$6,495,000). Gearing ratio, computed as borrowings and finance lease obligations over total equity, stood at 2.5% at the end of the Reporting Period, as compared with 4.6% as at 30 April 2010. Despite the decrease in value of financial assets held for trading led to a decrease in net current assets, the Group still remains in a sound liquidity position.

## Human Resources

At 31 July 2010, the Group employed a total of 34 employees during the Reporting Period, same as that as at 30 April 2010. The human resources deployment remained fairly stable during the Reporting Period.

## Charge on Group Assets

There was no charge on the Group's assets during or at the end of the Reporting Period.

## Capital Commitments and Contingent Liabilities

The Group has no imminent plan for material investment or acquisition of capital asset nor any incurrence of material contingent liabilities at the end of the Reporting Period.

## Foreign Currency Exposure

Several operating entities of the Group had foreign currency transactions which exposed the Group to foreign currency risk, mainly the possible exchange fluctuation in United States Dollars and Renminbi. The Group currently does not have a foreign currency hedging policy as the Board considers that the currency risk exposure is immaterial. However, the management will monitor the Group's foreign exchange exposure and will consider implement hedging should the need arise.

## Prospect and Outlook

In 2010, the Group on the one hand continued its business in brand management and in acting as source agent for reputable buyers in different kinds of products, and on the other hand has kept evaluating opportunities to acquire new businesses.

On 2 August 2010, Megamillion Asia Limited, a wholly-owned subsidiary of the Group, entered into a Heads of Terms for the possible acquisition of a controlling interest in a company which is principally engaged in the production and sales of instant noodles and instant soup bases. A Further Heads of Terms in relation to the possible acquisition was signed on 19 August 2010 wherein the proposed consideration and the tentative timeframe for execution of the formal sales and purchase agreement as contemplated under the Heads of Terms were set out. The Directors believe that the intended acquisition will, apart from providing a timely opportunity for the Group to strengthen its brand management business, enable the Group to diversify into other sectors and to deal in different kinds of products. Up to date, however, no formal agreement has been signed.

The Group will also explore investment opportunities in energy related business. The Group's vision is to diversify its businesses, as well as other businesses which can provide the best possible return for the Group.

Last but not least, the Group would like to thank all shareholders for their whole-hearted and continued support for the Company and the Group, and for their confidence in the management of the Company and that of the Group.

Business environment remains volatile, and to best protect the interest of shareholders, the Group will be cautious in business development, and will adopt a pragmatic expansion strategy to gain the best possible return for investors.

### **Post Balance Sheet Events**

As mentioned under the business review, the Heads of Terms was signed between the Purchaser, the Vendor and the Target Company on 2 August 2010 in relation to the intended acquisition of the controlling stake in the Target Company by the Purchaser from the Vendor. Details of the Heads of Terms were set out in the Company's announcement dated 2 August 2010.

On 19 August 2010, the Purchaser entered into the Further Heads of Terms with the Vendor and the Target Company, pursuant to which the proposed consideration and the tentative timeframe for the execution of the formal sale and purchase agreement as contemplated and set out under the Heads of Terms. Details of the Further Heads of Terms were set out in the Company's announcement dated 19 August 2010.



## Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 31 July 2010, the interests and short positions of the Directors, the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("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 rule 5.46 of the GEM Listing Rules, were as follows:

### Long positions in the ordinary shares of HK\$0.001 each in the capital of the Company ("Shares") and the underlying Shares of equity derivatives

Name of Director	Nature of interests/Holding capacity	Shares	Number of underlying Shares (share options*)	Total number of Shares and underlying Shares	Approximate percentage of interests in the Company's issued share capital
Ms. Chan Lai Kwan Rainbow	Personal	—	1,000,000 (Note 1)	1,000,000	0.04%
Ms. Wong Yuet May Jeremy	Personal	—	21,000,000 (Notes 1 & 2)	21,000,000	0.87%
Mr. Chan Fu Kei	Personal	—	1,000,000 (Note 1)	1,000,000	0.04%
Mr. Woo Hing Keung Lawrence	Personal	1,325,000	1,000,000 (Note 1)	2,325,000	0.10%
Mr. Too Shu Wing	Personal	—	1,000,000 (Note 1)	1,000,000	0.04%

\* The interests in the underlying Shares, being regarded as unlisted physically settled equity derivatives of the Company.

*Notes:*

1. On 11 September 2009, each of Ms. Chan Lai Kwan Rainbow, Ms. Wong Yuet May Jeremy, Mr. Chan Fu Kei, Mr. Woo Hing Keung Lawrence and Mr. Too Shu Wing was granted share options pursuant the share option scheme adopted by the Company on 10 June 2003 (“**Share Option Scheme**”) to subscribe for a total of 1,000,000 Shares at an exercise price of HK\$0.70 per Share. The share options would be exercisable during the period from 11 September 2009 to 10 September 2012.
2. On 27 October 2007, Ms. Wong Yuet May Jeremy was granted share options pursuant to the Share Option Scheme to subscribe for a total of 2,000,000 shares at an exercise price of HK\$23.2 per share. The share options would be exercisable during the period from 27 October 2007 to 27 October 2010. As a result of each of the issued and unissued shares of HK\$0.01 subdivided into 10 subdivided shares of HK\$0.001 each which became effective on 30 October 2007, the relevant subscription price was adjusted from HK\$23.20 to HK\$2.32 per Share and the number of Shares falling to be issued under the outstanding share options was adjusted from 2,000,000 shares to 20,000,000 Shares.

Save as disclosed above, as at 31 July 2010, none of the Directors, the chief executive and their associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation.

## Substantial Shareholders and Other Persons with Interests and Short Positions in the Shares and Underlying Shares

As at 31 July 2010, the following persons or companies other than Directors and chief executive of the Company, had interests or short positions (directly or indirectly) in the Company's Shares or underlying Shares were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

### Long positions in the Shares

Name of shareholder	Nature of interests/ Holding capacity	No. of Shares	Approximate percentage of interests in the Company's issued share capital
Upper Run Investments Limited (" <b>Upper Run</b> ")	Beneficial owner	1,016,099,900 ( <i>Note 1</i> )	42.30%
Ms. Chan Yuen Fan Winky (" <b>Ms. Winky Chan</b> ")	Interest through controlled corporation	1,016,099,900 ( <i>Note 1</i> )	42.30%
Kingston Finance Limited (" <b>Kingston</b> ")	Having a security interest	1,010,000,000 ( <i>Notes 2 &amp; 3</i> )	42.04%
Ample Cheer Limited (" <b>Ample Cheer</b> ")	Interest through controlled corporation	1,010,000,000 ( <i>Notes 2 &amp; 3</i> )	42.04%
Best Forth Limited (" <b>Best Forth</b> ")	Interest through controlled corporation	1,010,000,000 ( <i>Notes 2 &amp; 3</i> )	42.04%
Mrs. Chu Yuet Wah (" <b>Mrs. Chu</b> ")	Interest through controlled corporation	1,010,000,000 ( <i>Notes 2 &amp; 3</i> )	42.04%

*Notes:*

1. These Shares are beneficially owned by Upper Run, a company incorporated in the British Virgin Islands, whose entire issued share capital is wholly and beneficially owned by Ms. Winky Chan. By virtue of the SFO, Ms. Winky Chan is deemed to be interested in the Shares held by Upper Run.
2. Out of the 1,016,099,900 Shares held by Upper Run, 1,010,000,000 Shares are charged with Kingston which has a security interest in the 1,010,000,000 Shares owed by Upper Run.
3. Kingston is wholly owned by Ample Cheer which is 80% owned by Best Forth. The entire issued share capital of Best Forth is wholly owned by Mrs. Chu. By virtue of the SFO, Mrs. Chu is deemed to be interested in the Shares held by Kingston as mentioned in Note 2 above.

Save as disclosed above and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, based on public records filed on the website of the Stock Exchange and kept by the Company, as at 31 July 2010, no persons other than the Directors or the chief executive of the Company had registered an interest or short positions in the Shares and underlying Shares which required to be recorded pursuant to Section 336 of the SFO.

## **Directors' Interest in Competing Business**

During the period under review, none of the Directors or the controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competed or might compete with the business of the Group.

## **Purchase, Sale or Redemption of Listed Securities of the Company**

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## Corporate Governance

The Company has applied the principals and has complied with the code provisions set out in the Code on Corporate Governance Practices (“**CG Code**”) contained in Appendix 15 of the GEM Listing Rules throughout the period under review except for the deviation from code provisions A.2.1, A.3 and A.4.1 of the CG Code which is explained below:

### **Code provision A.2.1**

It stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual.

During the period under review, the office of the chairman/chairperson of the Board remains vacant. The role of the chairman is assumed by executive Directors other than the chief executive officer (who is also an executive Director) who discharge all duties and responsibilities of the chairman. Currently, Ms. Chan Lai Kwan Rainbow is the chief executive officer of the Company. She is mainly responsible for the day-to-day management of the Group’s business. The Board is of the view that the role of the chief executive officer is being exercised and there exists a balance of power and authority.

The Board will keep reviewing the current structure of the Board from time to time. If candidate with suitable knowledge, skills and experience is identified, the Company will make appointment to fill the post of chairman as appropriate.

### **Code provision A.3**

It stipulates that the Board must include three independent non-executive Directors.

Following the resignation of Mr. Chiu Kwok Wing Benedict on 4 February 2010 and up to 3 May 2010, the date on which Mr. Lam Raymond Shiu Cheung was appointed as an independent non-executive Director and a member of the Audit Committee, the number of independent non-executive directors and audit committee members fell below the minimum number required under rules 5.05(1) and 5.28 of the GEM Listing Rules respectively during the Reporting Period.

The Company has complied with rules 5.05(1) and 5.28 of the GEM Listing Rules and the code provision A.3 of the CG Code following the appointment of Mr. Lam Raymond Shiu Cheung on 3 May 2010.

### **Code provision A.4.1**

It stipulates that the non-executive directors should be appointed for a specific term, subject to re-election. The existing independent non-executive Directors were not appointed for a specific term as required under code provision A.4.1 of the CG Code but they are entitled to terminate their appointment at any time by giving the Company notice in writing.

They are also subject to retirement by rotation and re-election provisions in accordance with the Company's articles of association. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

### **Audit Committee**

The Company has established an Audit Committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the CG Code. The primary duties of the Audit Committee are to review and supervise of the Company's financial reporting process and internal control system.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Orr Joseph Wai Shing (chairman of the Committee), Mr. Chan Tak Yan and Mr. Lam Raymond Shiu Cheung.

The unaudited first quarterly results for the three months ended 31 July 2010 have been reviewed by the members of the Audit Committee before recommending it to the Board for approval.

### **Board of Directors**

As at the date of this report, the Board comprises Ms. Chan Lai Kwan Rainbow, Ms. Wong Yuet May Jeremy, Mr. Chan Fu Kei, Mr. Woo Hing Keung Lawrence and Mr. Too Shu Wing as executive Directors; and Mr. Chan Tak Yan, Mr. Orr Joseph Wai Shing and Mr. Lam Raymond Shiu Cheung as independent non-executive Directors.

By Order of the Board  
**Best Miracle International Limited**  
**Chan Lai Kwan Rainbow**

*Chief Executive Officer and Executive Director*

Hong Kong, 9 September 2010

## Board of Directors

### Executive Directors

Ms. Chan Lai Kwan Rainbow

*(Chief Executive Officer)*

Ms. Wong Yuet May Jeremy

Mr. Chan Fu Kei

Mr. Woo Hing Keung Lawrence

Mr. Too Shu Wing

### Independent Non-executive Directors

Mr. Chan Tak Yan

Mr. Orr Joseph Wai Shing

Mr. Lam Raymond Shiu Cheung

## Company Secretary

Ms. Man Tsz Sai Lavender *ACIS, ACS*

## Compliance Officer

Ms. Chan Lai Kwan Rainbow

## Audit Committee

Mr. Orr Joseph Wai Shing

*(chairman of the committee)*

Mr. Chan Tak Yan

Mr. Lam Raymond Shiu Cheung

## Remuneration Committee

Mr. Chan Tak Yan

*(chairman of the committee)*

Mr. Orr Joseph Wai Shing

Mr. Lam Raymond Shiu Cheung

## Authorized Representatives

Ms. Chan Lai Kwan Rainbow

Ms. Man Tsz Sai Lavender

## Auditors

Messrs. SHINEWING (HK) CPA Limited

## Registered Office

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## Head Office and Principal Place of Business in Hong Kong

Room 1211–20

12/F, Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

## Principal Share Registrar and Transfer Office

HSBC Trustee (Cayman) Limited

P.O. Box 484

HSBC House

68 West Bay Road

Grand Cayman KY1-1106

Cayman Islands

## Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited

18/F., Fook Lee Commercial Centre

Town Place

33 Lockhart Road

Wanchai

Hong Kong

## Principal Bankers

Fubon Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

## Website

[www.bestmiracle.com.hk](http://www.bestmiracle.com.hk)

## Stock Code

8272