Best Miracle International Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8272

ANNUAL REPORT

2010/2011

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, for which the directors of BEST MIRACLE INTERNATIONAL LIMITED (the "**Company**") (the "**Directors**") 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 (the "**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 that there are no other matters the omission of which would make any statement herein or this report misleading.*

Page

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Chan Lai Kwan Rainbow
(Chief Executive Officer)
Ms. Wong Yuet May Jeremy
Mr. Chan Fu Kei
Mr. Too Shu Wing

Independent Non-Executive Directors

Mr. Chan Tak Yan
Mr. Orr Joseph Wai Shing
Mr. Lam Raymond Shiu Cheung

COMPANY SECRETARY

Mr. Chung Wai Yip, Wilson

COMPLIANCE OFFICER

Ms. Chan Lai Kwan Rainbow

AUDIT COMMITTEE

Mr. Orr Joseph Wai Shing
(Chairman of Audit Committee)
Mr. Chan Tak Yan
Mr. Lam Raymond Shiu Cheung

REMUNERATION COMMITTEE

Mr. Chan Tak Yan
(Chairman of Remuneration Committee)
Mr. Orr Joseph Wai Shing
Mr. Lam Raymond Shiu Cheung

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

Unit 1911, 19/F.
Shui On Centre
6-8 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 ADDRESS

www.bestmiracle.com.hk

STOCK CODE

8272

FIVE-YEAR FINANCIAL SUMMARY

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years:

	Year ended 30 April 2011 HK$'000	Year ended 30 April 2010 HK$'000	Year ended 30 April 2009 HK$'000	Year ended 30 April 2008 HK$'000	Year ended 30 April 2007 HK$'000
Results					
Continuing operations					
Turnover	**4,851**	11,381	13,502	14,570	31,833
Gross profit	**170**	561	635	11,220	17,996
(Loss) profit before taxation	**(83,366)**	22,151	(10,571)	(73,280)	5
(Loss) profit for the year from continuing operations	**(83,366)**	12,490	(10,571)	(73,347)	(151)
Discontinued operation					
Profit for the year from discontinued operations	**–**	34,269	10,283	–	–
(Loss) profit for the year attributable to owners of the company	**(83,366)**	46,759	(288)	(73,347)	(151)
(Loss) earnings per share					
From continuing and discontinued operations – basic and diluted (HK cents)	**(3.17)**	2.00	(0.01)	(3.67)	(0.01)
From continuing operations – basic and diluted (HK cents)	**(3.17)**	0.53	(0.53)	(3.67)	(0.01)

	At 30 April 2011 HK$'000	At 30 April 2010 HK$'000	At 30 April 2009 HK$'000	At 30 April 2008 HK$'000	At 30 April 2007 HK$'000
Assets and liabilities					
Total assets	**195,753**	160,893	31,592	27,978	35,146
Total liabilities	**20,577**	20,303	17,719	11,191	5,925
Net assets	**175,176**	140,590	13,873	16,787	29,221

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Revenue

During the year ended 30 April 2011 (the "**Reporting Period**"), the Company and its subsidiaries (collectively, the "**Group**") recorded a revenue of HK$4,851,000, representing a 57% decrease as compared with the last corresponding period. This contribution was recorded primarily from the sales of electronic products.

(Loss) for the year

The Group recorded a loss of HK$83,366,000 for the Reporting Period, as compared with a profit of HK$46,759,000 of the last corresponding year. The loss was mainly due to the recognition of the loss as a result of a change in fair value of financial assets, being securities listed on the Stock Exchange, held for trading purposes.

Proposed investment in Cheong Tat

The Company intends to explore the food and beverage industry in the People's Republic of China (the "**PRC**").

On 2 August 2010, Megamillion Asia Limited ("**Megamillion**"), an indirect wholly-owned subsidiary of the Company entered into the heads of terms (as supplemented by a further heads of terms on 19 August 2010) with United Overseas Asset Management Limited ("**United Overseas**") and Cheong Tat International Development Limited ("**Cheong Tat**") with respect to the proposed investment in Cheong Tat. On 4 November 2010, Megamillion materialized the proposed investment by entering into a subscription agreement (the "**CB Subscription Agreement**") with Cheong Tat, pursuant to which Megamillion conditionally agreed to subscribe for the convertible bonds issued by Cheong Tat in the principal amount of HK$35,154,000 at the conversion price of HK$620 per conversion share ("**Convertible Bonds**"). Cheong Tat owns the entire 100% equity interest in a PRC-incorporated company which in turn holds 60% equity interest in each of 承德五穀農莊食品有限公司 (Chengde Wugu Farming & Food Co. Ltd.*) and 承德綠豐生態農業科技發展有限公司 (Chengde Lufeng Farming & Technology Co. Ltd.*) (collectively, the "**Operating Companies**"). The Operating Companies are both headquartered in Chengde City, Hebei Province, the PRC, and are principally engaged in the manufacturing and sales of instant noodle products and instant soup base.

On 29 November 2010, Megamillion entered into a loan agreement with Cheong Tat pursuant to which Megamillion agreed to provide a loan amount of HK$30,000,000 to Cheong Tat for a period of 12 months at an interest rate of 4.2% per annum. The purpose for the grant of loan is partial payment for the total consideration of RMB160 million payable by Cheong Tat for the acquisition of the 60% interest in each of the Operating Companies (the "**Acquisition**").

Furthermore, on 29 November 2010, the Board approved the exercise of the conversion rights attached to the Convertible Bonds (the "**Conversion**"). Upon completion of the Conversion, the Company will own approximately 85% of the issued share capital of Cheong Tat as enlarged by the issuance of the conversion shares. Pursuant to the CB Subscription Agreement, in the event that the aggregate net profit after tax of the Operating Companies falls below RMB100 million for the year ended 31 December 2010 or RMB170 million for the year ending 31 December 2011 (the "**Profit Targets**"), then prior to maturity of the Convertible Bonds, the total number of shares in Cheong Tat issued to Megamillion (the "**Conversion Shares**") shall be increased to such extent that if exercised in full, the Conversion

* *For identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

Shares shall ultimately represent 99% of the entire equity interest of Cheong Tat as enlarged by the Conversion. Even after the Conversion, the Company shall retain the right to increase the Conversion Shares to 99% equity interest in Cheong Tat if the Profit Targets are not met. This proposed Conversion constitutes a very substantial acquisition for the Company and is subject to the shareholders' approval. The Board expects the circular and the notice of the meeting to be convened and held to approve the ordinary resolution(s) in respect of the Conversion and the transactions contemplated thereunder will be despatched to the shareholders no later than 31 August 2011.

The proposed Conversion presents an opportunity to expand into the PRC's non-fried instant noodles market, which currently has a limited number of companies participating in this sector.

CAPITAL STRUCTURE

During the Reporting Period, the issued share capital of the Company was increased from 2,402,000,000 ordinary shares of HK$0.001 each (the "**Shares**") to 2,882,400,000 Shares as a result of the issuance of 480,400,000 new Shares on 16 November 2010 pursuant to the placing of existing Shares and the subscription of new Shares, the details of which are set out in the below section headed "Fund Raising Activities".

Refreshment of General Mandate

At the extraordinary general meeting of the Company held on 28 December 2010, the resolution approving the refreshment of general mandate of the Company to allot, issue and deal with 576,480,000 new Shares, being 20% of the total issued share capital of the Company as at 28 December 2010, was passed by the independent shareholders of the Company. As at the date hereof, no part of this refreshed general mandate has been utilized.

FUND RAISING ACTIVITIES

On 2 November 2010, the Company entered into a placing and subscription agreement with Upper Run Investments Limited ("**Upper Run**") and CCB International Capital Limited as the placing agent in relation to placing of a maximum of 480,400,000 existing Shares held by Upper Run (collectively, the "**Placing**") and the subscription of a maximum of 480,400,000 new Shares, the exact number of which shall be equivalent to the number of the Shares actually placed under the Placing (collectively, the "**Subscription**"). The 480,400,000 Shares was fully placed at HK$0.25 each Share to not less than six placees, while under the Subscription 480,400,000 new Shares at a price of HK$0.25 each Share were issued to Upper Run. The gross and net proceeds were approximately HK$120 million and HK$117 million, respectively, out of which, in relation to the Acquisition mentioned above, approximately HK$30,000,000 was granted as loan to Cheong Tat, the remaining balance was applied towards general working capital of the Group.

SIGNIFICANT INVESTMENTS

At 30 April 2011, the Group held investments held-for-trading amounted to approximately HK$17,400,000 (at 30 April 2010: approximately HK$79,320,000), investments held for sale amounted to approximately HK$500,000 (2010: Nil), interest in an associate amounted to approximately HK$32,965,000 which has been classified as assets held for sale this year (2010: approximately HK$24,845,000) and convertible note receivable amounted to approximately HK$36,014,000 (2010: Nil).

Save for disclosed above, at 30 April 2011, the Group did not hold any other significant investments.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group ended the Reporting Period with net bank balances and cash of HK$34,915,000 (2010: HK$16,012,000), net current assets of HK$169,525,000 (2010: HK$103,319,000). Gearing ratio, computed as other borrowings over total equity, stood at 1.4% at the end of the Reporting Period (2010: 4.6%).

OTHER DISCLOSURE

On 17 September 2009, the Group entered into a loan agreement with Dragoncom Holdings Limited ("**Dragoncom**"), an independent third party of the Company, pursuant to which the Group agreed to advance a loan of HK$24,000,000 to Dragoncom for a period of 6 months at the interest rate of 8% per annum. This loan constituted a disclosable transaction for the Company under Chapter 19 of the GEM Listing Rules and an advance under Rule 17.15 of the GEM Listing Rules. The loan is secured by a charge over Dragoncom's portfolio of securities listed in Hong Kong in favour of the Group. The repayment date of the loan was subsequently extended to 17 September 2010. The loan was then fully repaid during the year ended 30 April 2011.

HUMAN RESOURCES

At 30 April 2011, the Group employed a total of 23 employees as compared with 34 employees as at 30 April 2010.

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

Save as disclosed in the section headed "Business and Financial Review" above, the section headed "Prospect and Outlook" below and Note 36 of Notes to the Consolidated Financial Statements below, the Group has no imminent plan for material investment or capital asset nor any material contingent liability at the end of the Reporting Period.

FOREIGN CURRENCY EXPOSURE

The Group does not have a foreign currency hedging policy as the Board considers that the currency exposure is immaterial. However, the management will monitor foreign exchange position and will consider appropriate action should the circumstances change.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Save as reported under the section headed "Business and Financial Review" above, the Group has no material acquisitions and disposals of subsidiaries during the Reporting Period.

PROSPECT AND OUTLOOK

The Group has been principally engaged in brand management and is acting as a sourcing agent for reputable buyers in a variety of products. In addition, it is the Group's corporate strategy to explore other industries with good business potential and growth prospects.

MANAGEMENT DISCUSSION AND ANALYSIS

To explore into the food and beverage industry, the Company entered into the CB Subscription Agreement with Cheong Tat on 4 November 2010 and subscribed thereunder for the Convertible Bonds in the principal amount of HK$35,154,000. As further investment by way of financing to Cheong Tat will be required, the Board decided to convert the Convertible Bonds to consolidate control over the management of Cheong Tat.

The proposed Conversion presents an opportunity for the Company to expand into the PRC's instant noodles market, which currently has a limited number of companies participating in the sector. Based on information available to the Company, the PRC market alone makes up almost half the world's demand for instant noodles with more than 40 billion packets sold in 2009. However, on a *per capita* consumption basis, the PRC still lags behind nations such as Korea, Indonesia and Japan, but is expected to grow at a healthy pace. Accordingly, the Company expects to achieve rapid growth over the next few years, riding on its unique position as a non-fried mixed grain noodles producer and the increasing inclination of consumers to favour healthier products.

Following completion of the proposed Conversion, the Group will retain the existing core management for the daily management of the Operating Companies and focus on business development and branding of the Operating Companies. The Company intends to leverage on such demand from the Chinese consumers and positioning the Operating Companies as a dominant provider in the healthy convenience food segment with their unique non-fried mixed-grain instant noodles and instant soup base.

The Company also intends to explore opportunities in the catering industry in Hong Kong and growth of the businesses and expect to achieve continued progress in this regard. Meanwhile, the Group will continue to prudently and actively identify and pursue potential projects with immense development potentials.

The Board would like to thank all business partners and shareholders of the Company for their continued support and confidence in our management and the Company. It is our vision to continue our Group's corporate strategy to explore other industries with good business potential and growth prospects to gain attractive returns for our investors.

* *For identification purposes only*

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

EXECUTIVE DIRECTORS

Ms. Chan Lai Kwan Rainbow, aged 51, joined the Group on 22 November 2007 as an executive Director and the chief executive officer. She possesses over 18 years of management experience in timepieces and jewelry field, including manufacturing and distribution, sales and marketing, focus on brand building and establishment of multi-international brand in Hong Kong, Macau and the PRC in the retail sector. Prior to joining the Group, Ms. Chan was the chief executive officer of a multi-trade business company in Hong Kong.

Ms. Wong Yuet May Jeremy, aged 49, joined the Group on 7 September 2007 as an executive Director and the chief executive officer. She subsequently resigned as the chief executive officer with effect from 22 November 2007 and continued to serve her role as executive Director. Ms. Wong possesses over 14 years of designs and product development experience in the garment business, from which she accumulated extensive experience in product development and fabric sourcing for garment and home textile. Ms. Wong is currently in charge of the product development department of a home textile company.

Mr. Chan Fu Kei, aged 31, joined the Group on 2 May 2008 as an executive Director. Prior to joining the Group, he served in a global event marketing company as Project Design Manager. He was responsible for planning and promoting of the main theme of events and create market image with the exhibition team. Mr. Chan graduated from The Chinese University of Hong Kong and obtained a Bachelor Degree in Mechanical Engineering. He is responsible for formulating suitable strategies for the Company to expand its business networks with his solid experience in marketing and project design and creating market image with the exhibition team.

Mr. Too Shu Wing, aged 52, joined the Group on 4 September 2009 as an executive Director. He graduated from The Chinese University of Hong Kong with a Bachelor Degree in Science. Mr. Too had held various positions in Conti Chia Tai Group and acted as a general manager in its subsidiaries from 1993 to 2003. He has substantial experience in market development of various products, marketing & sales management, production management and cost control in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Tak Yan, aged 57, joined the Group on 7 September 2007 as an independent non-executive Director, a member of the audit committee and the chairman of the remuneration committee. Mr. Chan holds a Master of Business Administration Degree from the University of Ballarat, Australia, a Diploma in Management Studies from The Hong Kong Management Association and The Hong Kong Polytechnic University, a Diploma in Occupational Health & Safety from the Open University of Hong Kong and a Professional Diploma in Corporate Governance & Directorship from the Hong Kong Productivity Council and The Hong Kong Institute of Directors. He is a full member of The Hong Kong Management Association and a member of The Hong Kong Institute of Directors. He possesses over 21 years of experience in transportation and logistics management and 16 years of experience in the banking industry with Shanghai Commercial Bank Limited and BNP Paribas, Hong Kong Branch. Mr. Chan was a general manager of a PRC-HK container tractor company and a Deputy General Manager of a logistic company for many years. He was an executive director of New Environmental Energy Holdings Limited (Stock code: 3989) for the period from July 2009 to June 2011, a company listed on the Main Board of the Stock Exchange.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

Mr. Orr Joseph Wai Shing, aged 51, joined the Group on 7 September 2007 as an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee. Mr. Orr is a Certified Public Accountant in Washington, USA and serves as the chairman of "Joseph Orr & Associates, CPA" in the USA. He is a member of the American Institute of Certified Public Accountants, the Hong Kong Institute of Certified Public Accountants and CPA Australia. He graduated with an MBA from the Kellogg School of Management, Northwestern University and the Hong Kong University of Science and Technology, a Master of Arts Degree in International Business and International Financial Management from the University of Reading, a Bachelor of Arts (Hons) Degree in Accounting and Finance from Middlesex University, a Diploma in Business and Finance in China from Tsinghua University and a Professional Diploma in Accounting and Auditing in China from Zhongshan University. Mr. Orr has over 20 years of experience in corporate finance, including private placement, IPO, cross border merger and acquisition as well as strategic investment and financial management. He currently holds a license to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance in Hong Kong. Mr. Orr is currently the adviser of corporate finance and investment of Crowe Horwath China CPA in Shenzhen and has established progressive career development with leading multinational companies and professional firms in multinational corporations including Time Warner, Baker & McKenzie, EDAW AECOM, Hyatt International as well as KPMG. Mr. Orr is currently as an executive director and chief executive officer of Chinese Global Investors Group Limited (formerly known as Auswin Holdings Limited), a company listed on the Catalist of Singapore Exchange Securities Trading Limited, and an independent non-executive director of Grand T G Gold Holdings Limited (Stock Code: 8299), a company listed on GEM of the Stock Exchange. He was an independent non-executive director of International Resources Enterprise Limited (formerly known as China Sonangol Resources Enterprise Limited) (Stock Code: 1299) for the period from September 2004 to April 2008, a company listed on the Main Board of the Stock Exchange and China Bio-Med Regeneration Technology Limited (Stock Code: 8158) for the period from June 2008 to December 2009, a company listed on GEM of the Stock Exchange.

Mr. Lam Raymond Shiu Cheung, aged 45, joined the Group on 3 May 2010 as an independent non-executive Director and members of each of the audit committee and the remuneration committee. Mr. Lam graduated from the Victoria University of Melbourne, Australia, with a Bachelor of Business Degree majoring in banking and finance. He also earned a Master Degree in Applied Finance from Macquarie University of Australia. Mr. Lam has 19 years' extensive experience in business development and corporate finance. He started his career in corporate banking, after which he joined one of the biggest oil companies in the USA specializing in the area of business development. Mr. Lam is currently the deputy chief executive officer of China Eco-Farming Limited (Stock Code: 8166), a company listed on GEM of the Stock Exchange. He was an independent non-executive director of China Oriental Culture Group Limited (formerly known as ZZNode Technologies Company Limited) (Stock Code: 2371) for the period from January 2008 to September 2010, a company listed on the Main Board of the Stock Exchange. He also was an independent non-executive director of China Railway Logistics Limited (Stock Code: 8089) for the period from December 2008 to June 2009 and China Bio-Med Regeneration Technology Limited (Stock Code: 8158) for the period from June 2008 to June 2009, both of the companies are listed on GEM of the Stock Exchange.

SENIOR MANAGEMENT

Mr. Chow Shiu Ki, aged 43, joined the Group on 25 February 2008 as the chief financial officer of the Company. He holds a Master Degree in Professional Accounting. Mr. Chow is a fellow member of The Association of Chartered Certified Accountants and a member of The Hong Kong Institute of Certified Public Accountants. He has accumulated over 20 years of experience in auditing, accounting and corporate finance areas, and he has worked for various private and listed companies at senior management level. Mr. Chow was an independent non-executive director of China Oriental Culture Group Limited (Stock Code: 2371), a company listed on the Main Board of the Stock Exchange, for the period from January 2008 to May 2011. He was also an independent non-executive director of Pan Asia Mining Limited (Stock Code: 8173), a company listed on GEM of the Stock Exchange, for the period from November 2006 to August 2008.

Mr. Chung Wai Yip, Wilson, aged 43, joined the Group on 7 January 2011 as the company secretary of the Company. He is an associate member of The Institute of Chartered Accountants in England and Wales, The Taxation Institute of Hong Kong and The Hong Kong Institute of Certified Public Accountants. He possesses over 20 years of auditing, accounting and taxation experience.

CORPORATE GOVERNANCE REPORT

The Company has applied the principles and, save as disclosed herein, has complied the code provisions as set out in the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 30 April 2011 (the "**Financial Year**").

COMPLIANCE OF THE CODE PROVISIONS

Throughout the Financial Year, the Company has complied with the CG Code except of 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

This code stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual.

During the Financial Year, the office of the chairman of the Board remains vacant. The role of the chairman is assumed by executive Directors other than the chief executive officer (Ms. Chan Lai Kwan Rainbow who is also an executive Director) (the "**Chief Executive Officer**"), who have discharged all duties and responsibilities of the chairman. The Board is of the view that the role of the chief executive officer was exercised and these existed a balance of power and authority during the Financial Year.

The Board will keep reviewing the current structure of the Board from time to time. If a 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

This code 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.

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

This code 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 the code provision A.4.1 of the CG Code but they are entitled to terminate their appointment at any time by giving the Company a one-month's notice in writing and vice versa. They are also subject to retirement by rotation and re-election provisions in accordance with the articles of association of the Company (the "**Articles**"). As such, the Company considers that there are sufficient measures in place to ensure that the Company has good corporate governance practices.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry to all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the Financial Year.

BOARD OF DIRECTORS

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors should make decisions objectively in the interests of the Company. The Board has the full support from the Chief Executive Officer and the senior management of the Company to discharge its responsibilities.

The Board currently comprises four executive Directors and three independent non-executive Directors. The composition of the Board and the committees of the Company are given below and their respective responsibilities are discussed in the Corporate Governance Report (the "**CG Report**").

Board of Directors	Audit Committee	Executive Committee	Remuneration Committee
Executive Directors			
Ms. Chan Lai Kwan Rainbow *(Chief Executive Officer)*		✔	
Ms. Wong Yuet May Jeremy		✔	
Mr. Chan Fu Kei		✔	
Mr. Too Shu Wing		✔	
Mr. Woo Hing Keung Lawrence (resigned on 10 November 2010)		✔	
Independent Non-executive Directors			
Mr. Chan Tak Yan	✔		✔
Mr. Orr Joseph Wai Shing	✔		✔
Mr. Lam Raymond Shiu Cheung (appointed on 3 May 2010)	✔		✔

Biographical details of the Directors as at the date of this CG Report are set out on pages 9 to 11 of this report.

The Board members have no financial, business, family or other material or relevant relationships with each other.

The Board meets regularly to discuss the Company's affairs and operations. During the Financial Year, the Board held 4 regular Board meetings (within the meaning of the CG Code) at approximately quarterly interval and 17 Board meetings which were convened when board-level decisions on particular matters were required. The Directors attended those meetings in person, by phone or through other electronic means of communication. The attendance record of each member of the Board during the Financial Year is set out below:

Name of Directors	Attended/Eligible to attend
Executive Directors	
Ms. Chan Lai Kwan Rainbow *(Chief Executive Officer)*	17/17
Ms. Wong Yuet May Jeremy	6/17
Mr. Chan Fu Kei	14/17
Mr. Too Shu Wing	16/17
Mr. Woo Hing Keung Lawrence (resigned on 10 November 2010)	2/5
Independent Non-executive Directors	
Mr. Chan Tak Yan	13/17
Mr. Orr Joseph Wai Shing	12/17
Mr. Lam Raymond Shiu Cheung (appointed on 3 May 2010)	11/17

During the regular meetings of the Board, the Directors discussed and formulated the overall strategies of the Group, reviewed and monitored the business and financial performances and discuss the quarterly, half-yearly and annual results, as well as discussed and decided on other significant matters.

The Company had at least three independent non-executive Directors at all times during the Financial Year except for the period from 4 February 2010 to 3 May 2010 as reported under the section headed "Compliance of the Code Provisions" above.

Each of the independent non-executive Director has confirmed in writing his annual confirmation on independence as required by Rule 5.09 of the GEM Listing Rules. The Company considers all such Directors to be independent.

In accordance with the Articles, (i) all Directors will be subject to retirement by rotation once every three years and the new Directors appointed by the Board to fill a causal vacancy during the year shall be subject to re-election by the shareholders of the Company at the next following general meeting after appointment; and (ii) one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to one-third but not less than one-third), shall retire from office by rotation and being eligible, offer themselves for re-election at each annual general meeting and that any new Director appointed by the Board during the year shall hold office until the next following general meeting after appointment, and he or she shall be eligible for re-election at that meeting.

The Board recommended the re-appointment of the retiring Directors standing for re-election at the forthcoming annual general meeting of the Company. Details of the information of the retiring Directors standing for re-election are set out in the circular accompany the notice of the annual general meeting.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Subsequent to the resignation of Ms. Fong Man Julisa as the chairperson of the Company on 23 April 2008, the office of the chairman remains vacant during the Financial Year. Ms. Chan Lai Kwan Rainbow is the Chief Executive Officer during the Financial Year.

AUDIT COMMITTEE

The Company established an audit committee on 10 June 2003 with revised written terms of reference adopted on 27 June 2005 in compliance with the GEM Listing Rules. The audit committee has three members comprising the three independent non-executive Directors; namely, Mr. Orr Joseph Wai Shing (the chairman of the audit committee), Mr. Chan Tak Yan and Mr. Lam Raymond Shiu Cheung. The primary duties of the audit committee are to review the Company's annual reports and accounts, interim results announcements or reports and quarterly results announcements or reports and to provide advice and comments thereon to the Board. The members of the audit committee meet regularly with the external auditors and the Company's management to review and supervise the Company's reporting. The audit committee is also responsible for monitoring integrity of the financial statements of the Company and the Company's annual reports and accounts, interim report and quarterly reports, and to review significant financial reporting judgments contained therein.

For the Financial Year, the audit committee held four meetings. The individual attendance record of each member of the audit committee is as follows:

Name of Directors	Attended/Eligible to attend
Mr. Orr Joseph Wai Shing	4/4
Mr. Chan Tak Yan	4/4
Mr. Lam Raymond Shiu Cheung (appointed on 3 May 2010)	4/4

The audit committee has reviewed the Group's audited results for the Financial Year.

There was no disagreement between the Board and the audit committee on the selection and appointment of the external auditors during the Financial Year.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 10 September 2004 with written terms of reference adopted on 27 June 2005 which deal clearly with its authority and duties, in accordance with the requirement of the CG Code. The remuneration committee has three members, all of them are independent non-executive Directors; namely, Mr. Chan Tak Yan (the chairman of the remuneration committee), Mr. Orr Joseph Wai Shing and Mr. Lam Raymond Shiu Cheung. The principal responsibilities of the remuneration committee include making recommendations on and approving the remuneration policy and structure for all remuneration of the Directors and the senior management.

The remuneration committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his or her associates will participate in deciding his or her own remuneration, which remuneration will be determined with reference to the performance of the individual and the Company as well as market practice and conditions. The remuneration committee has also been delegated with the powers and authorities to implement the share option scheme of the Company. The remuneration committee shall meet at least once a year.

EXECUTIVE COMMITTEE

The Company established an executive committee on 10 September 2004 with written terms of reference adopted which deal clearly with its authority and duties. The executive committee consists of all executive Directors; namely, Ms. Chan Lai Kwan Rainbow (the chairman of the executive committee), Ms. Wong Yuet May Jeremy, Mr. Chan Fu Kei and Mr. Too Shu Wing. The Board has delegated the day-to-day management and operation functions of the Group to the executive committee save to the extent that certain powers and authorities are reserved to the other Board committees or the Board.

NOMINATION OF DIRECTORS

The Company has not established a nomination committee. The Company currently does not have any plans to set up the nomination committee.

The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

COMMUNICATION WITH SHAREHOLDERS

The Company has disclosed all necessary information to the shareholders of the Company in accordance with the GEM Listing Rules and reported the Company's performance through various communication tools. These include annual and extraordinary general meetings, quarterly and annual reports, various notices, announcements and circulars.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS AND AUDITORS' REMUNERATION

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements. The auditors' responsibilities are set out in the Independent Auditor's Report.

INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Group's system of internal control. The Board has conducted a review of, and is satisfied with the effectiveness of the system of internal control of the Group.

AUDITORS' REMUNERATION

Messrs. SHINEWING (HK) CPA Limited was re-appointed as the auditors of the Group at the annual general meeting held on 1 September 2010. The remuneration in respect of the Group's audit services and non-audit services provided by Messrs. SHINEWING (HK) CPA Limited for the Company for the Financial Year are as follow:

	2011	2010
	HK$'000	HK$'000
Auditors' remuneration	**360**	470
Other accountancy service fee	**–**	120

CONCLUSION

The Board believes that good corporate governance can safeguard the effective allocation of resources and protect the Company's shareholders' interest. The management will try to maintain, strengthen and improve the standard and quality of the Group's corporate governance.

REPORT OF DIRECTORS

The directors of BEST MIRACLE INTERNATIONAL LIMITED (the "**Company**") (the "**Directors**") present this report together with the audited financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 30 April 2011.

CHANGES OF COMPANY NAME

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 3 May 2010 and approved by the Registrar of Companies in the Cayman Islands and the Companies Registry in Hong Kong, the Company has changed its name to "BEST MIRACLE INTERNATIONAL LIMITED **進能國際有限公司**" with effect from 3 May 2010. The stock short names for trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") have been changed from "BYFORD INT'L" to "BEST MIRACLE" in English and from "**百富國際**" to "**進能國際**" in Chinese with effect from 31 May 2010.

Proposed Change of Company Name

On 26 July 2011, the Company announced the Board's proposal of change of company name from "BEST MIRACLE INTERNATIONAL LIMITED **進能國際有限公司**" to "Chinese Food and Beverage Group Limited **華人飲食集團有限公司**". This proposed change of company name is subject to, among others, the approval of the shareholders of the Company. Further details are set out on the Company's announcement dated 26 July 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 38 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2011 are set out in the consolidated income statement on page 28 of this report.

The Directors do not recommend the payment of a final dividend for the year ended 30 April 2011 (2010: Nil).

SEGMENT INFORMATION

An analysis of the Group's performance by the principal activities and geographical locations of operations for the year ended 30 April 2011 is set out in Note 10 to the consolidated financial statements.

PLANT AND EQUIPMENT

Details of movements in plant and equipment during the year ended 30 April 2011 are set out in Note 19 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons thereof, are set out in Note 30 and Note 32, respectively, to the consolidated financial statements.

SHARE OPTION SCHEME

Share options have been granted to eligible participants under the share option scheme of the Company adopted on 10 June 2003 (the "**Share Option Scheme**"), details of the movements in the share options during the year ended 30 April 2011 are shown below:

Name or category of participant	Date of grant	Effective exercise price *HK$*	Exercise period	Movement of share options (adjusted) during the year At 01.05.2010	Exercised	Granted	Lapsed	At 30.04.2011
Directors								
Ms. Chan Lai Kwan Rainbow	11.09.2009	0.700	11.09.2009 – 10.09.2012	1,000,000	–	–	–	1,000,000
Ms. Wong Yuet May Jeremy	27.10.2007	2.320	27.10.2007 – 27.10.2010	20,000,000	–	–	(20,000,000)	–
	11.09.2009	0.700	11.09.2009 – 10.09.2012	1,000,000	–	–	–	1,000,000
Mr. Chan Fu Kei	11.09.2009	0.700	11.09.2009 – 10.09.2012	1,000,000	–	–	–	1,000,000
Mr. Too Shu Wing	11.09.2009	0.700	11.09.2009 – 10.09.2012	1,000,000	–	–	–	1,000,000
Mr. Woo Hing Keung Lawrence *(Note)*	11.09.2009	0.700	11.09.2009 – 10.09.2012	1,000,000	–	–	(1,000,000)	–
Others								
Consultant	27.10.2007	2.320	27.10.2007 – 27.10.2010	20,000,000	–	–	(20,000,000)	–
Staff	11.09.2009	0.700	11.09.2009 – 10.09.2012	1,000,000	–	–	–	1,000,000
	14.09.2009	0.700	14.09.2009 – 13.09.2012	1,000,000	–	–	(1,000,000)	–
Total				47,000,000	–	–	(42,000,000)	5,000,000

Note: Mr. Woo Hing Keung Lawrence resigned as an executive Director with effect from 10 November 2010 and the 1,000,000 share options granted to him lapsed on the same date pursuant to the Share Option Scheme.

REPORT OF DIRECTORS

RESERVES

Details of movements in the reserves of the Group during the year ended 30 April 2011 are set out in the consolidated statement of changes in equity on page 31 of this report.

DISTRIBUTABLE RESERVES

As at 30 April 2011, the Company had no reserve available for distribution to the shareholders of the Company (2010: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years ended 30 April 2011 is set out on page 4 of this report.

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive Directors

Ms. Chan Lai Kwan Rainbow *(Chief Executive Officer)* (resigned with effect from 1 August 2011)
Ms. Wong Yuet May Jeremy (resigned with effect from 1 August 2011)
Mr. Chan Fu Kei
Mr. Too Shu Wing
Mr. Woo Hing Keung Lawrence (resigned on 10 November 2010)

Independent Non-executive Directors

Mr. Chan Tak Yan
Mr. Orr Joseph Wai Shing
Mr. Lam Raymond Shiu Cheung (appointed on 3 May 2010)

In accordance with Article 87(1) of the articles of association of the Company (the "**Articles**"), Mr. Too Shu Wing and Mr. Orr Joseph Wai Shing will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting (the "**AGM**").

INDEPENDENCE CONFIRMATION

The Company has received an annual written confirmation from each of its independent non-executive Directors pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "**GEM Listing Rules**"). The Company considers all of the independent non-executive Directors are independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and the senior management of the Group are set out on pages 9 to 11 of this report.

DIRECTORS' SERVICE CONTRACTS

Each of Ms. Chan Lai Kwan Rainbow and Mr. Too Shu Wing has entered into a service contract with the Company with no fixed terms of service with the Company but she or he is entitled to terminate her or his appointment at any time by giving the Company a one-month's notice in writing and vice versa.

Save as disclosed above, none of the Directors has entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation other than the statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION

As at 30 April 2011, the interests and short positions of the Directors and the chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (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 Rule 5.46 of the GEM Listing Rules, were as follows:

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

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	0.03%
Ms. Wong Yuet May Jeremy	Personal	–	1,000,000 *(Notes 1 & 2)*	1,000,000	0.03%
Mr. Chan Fu Kei	Personal	–	1,000,000 *(Note 1)*	1,000,000	0.03%
Mr. Too Shu Wing	Personal	–	1,000,000 *(Note 1)*	1,000,000	0.03%
Mr. Woo Hing Keung Lawrence *(Notes 1 & 3)*	Personal	1,325,000	–	1,325,000	0.05%

* 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 to the 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 are exercisable during the period from 11 September 2009 to 10 September 2012.

2. On 28 October 2010, 20,000,000 share options (adjusted after the share subdivision became effective on 30 October 2007) granted to Ms. Wong Yuet May Jeremy lapsed on the expiration of the exercise period.

3. Mr. Woo Hing Keung Lawrence resigned as an executive Director with effect from 10 November 2010 and the 1,000,000 share options granted to him lapsed on the same date pursuant to the Share Option Scheme.

Save as disclosed above, as at 30 April 2011, none of the Directors and the chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of the SFO), as recorded in the register required to be kept under Section 352 of the SFO; or as notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION" above, as at 30 April 2011, neither the Company nor any of its subsidiaries was a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors and the chief executive of the Company to acquire benefits by means of the acquisition of Shares in, or debt securities, including debentures, of the Company or any other body corporate, or there have, at any time during the year ended 30 April 2011, subsisted such arrangement(s) as aforesaid and none of the Directors and the chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WITH INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 April 2011, the following parties, other than Directors and the chief executive of the Company, held 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:

Name of shareholder	**Nature of interests/ holding capacity**	**Number of Shares**	**Approximate percentage of interests in the Company's issued share capital** *(Note 1)*
Upper Run Investments Limited ("**Upper Run**")	Beneficial Owner	1,019,099,900 *(Note 2)*	35.36%
Ms. Chan Yuen Fan Winky ("**Ms. Winky Chan**")	Interest through controlled corporation	1,019,099,900 *(Note 2)*	35.36%
Kingston Finance Limited ("**Kingston**")	Having a security interest	1,010,000,000 *(Notes 3 & 4)*	35.04%
Ample Cheer Limited ("**Ample Cheer**")	Interest through controlled corporation	1,010,000,000 *(Note 4)*	35.04%
Best Forth Limited ("**Best Forth**")	Interest through controlled corporation	1,010,000,000 *(Note 4)*	35.04%
Mrs. Chu Yuet Wah ("**Mrs. Chu**")	Interest through controlled corporation	1,010,000,000 *(Note 4)*	35.04%

Notes:

1. As at 30 April 2011, the Company's issued ordinary share capital was HK$2,882,400 divided into 2,882,400,000 Shares of HK$0.001 each.

2 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.

3. Kingston has a security interest in 1,010,000,000 Shares out of the Shares held by Upper Run mentioned in Note 2 above.

4. Kingston is wholly-owned by Ample Cheer which is in turn 80% owned by Best Forth. Best Forth is in turn wholly-owned by Mrs. Chu. By virtue of the SFO, each of Mrs. Chu, Best Forth and Ample Cheer is deemed to be interested in the Shares held by Kingston as mentioned in Note 3 above.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or the chief executive of the Company who held an interest or short positions in the shares and underlying shares of the Company as at 30 April 2011 which required to be recorded pursuant to Section 336 of SFO.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken during the year are provided under Note 37 to the consolidated financial statements. These related party transactions did not fall under the definition of connected transaction or continuing connected transaction as defined in the GEM Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted for the year or at any time during the year except as disclosed under Note 37 "Related Party Transaction" to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 April 2011, the five largest customers of the Group accounted for approximately 100.0% (2010: approximately 100.0%) of the Group's total sales and the five largest suppliers accounted for approximately 100.0% (2010: approximately 99.4%) of the Group's total purchases. In addition, the largest customer accounted for approximately 100.0% (2010: approximately 100.0%) of the Group's total sales and the largest supplier accounted for approximately 40.6% (2010: approximately 56.0%) of the Group's total purchases.

COMPETING INTERESTS

For the year ended 30 April 2011, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

DISCLOSURE OF CHANGE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

The updated information on Directors discloseable under Rule 17.50A(1) of the GEM Listing Rules are as follow:

- Mr. Lam Raymond Shiu Cheung, an independent non-executive Director, resigned as an independent non-executive director of China Oriental Culture Group Limited (formerly known as ZZNode Technologies Company Limited) (Stock code: 2371), a company listed on the Main Board of the Stock Exchange, on 30 September 2010.

- Mr. Orr Joseph Wai Shing, an independent non-executive Director, appointed as an executive director and chief executive officer of Chinese Global Investors Group Limited (formerly known as Auswin Holdings Limited), a company listed on the Catalist of Singapore Exchange Securities Trading Limited, on 18 October 2010 and 22 October 2010, respectively.

- Mr. Chan Tak Yan, an independent non-executive Director, resigned as an executive director of New Environmental Eneregy Holdings Limited (Stock code: 3989), a company listed on the Main Board of the Stock Exchange, on 30 June 2011.

SUBSEQUENT EVENTS

Details of the subsequent events after the year ended 30 April 2011 are set out in Note 40 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders of the Company.

MATERIAL LITIGATION

Neither the Company nor any of its subsidiaries was involved in any material litigation or arbitration during the year ended 30 April 2011.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the GEM Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 12 to 17 of this report.

AUDITORS

The consolidated financial statements for the preceding three years were audited by Messrs. SHINEWING (HK) CPA Limited ("SHINEWING") and for the year ended 30 April 2011 have been audited by SHINEWING who will retire and, being eligible, offer themselves for re-appointment upon conclusion of the AGM. A resolution for the re-appointment of SHINEWING as auditors of the Company to hold office until conclusion of the next annual general meeting at a fee to be agreed with the Directors will be proposed at the AGM.

By order of the Board
Chan Lai Kwan Rainbow
Chief Executive Officer and Executive Director

Hong Kong, 26 July 2011

INDEPENDENT AUDITOR'S REPORT

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF BEST MIRACLE INTERNATIONAL LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Best Miracle International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 84, which comprise the consolidated statement of financial position as at 30 April 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 April 2011, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Ip Yu Chak
Practising Certificate Number: P04798

Hong Kong
26 July 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2011

	Notes	2011 HK$'000	2010 HK$'000
Continuing operations			
Turnover	9	**4,851**	11,381
Cost of sales		**(4,681)**	(10,820)
Gross profit		**170**	561
Other operating income	9	**10,155**	5,025
Change in fair value of held-for-trading investments		**(58,200)**	70,640
Selling and distribution costs		**–**	(1,665)
Administrative expenses		**(41,753)**	(47,794)
Equity-settled share-based payments		**–**	(2,816)
Finance costs	11	**(392)**	(135)
Share of results of an associate		**6,654**	(1,665)
(Loss) profit before taxation		**(83,366)**	22,151
Income tax expense	12	**–**	(9,661)
(Loss) profit for the year from continuing operations	13	**(83,366)**	12,490
Discontinued operation			
Profit for the year from discontinued operations	14	**–**	34,269
(Loss) profit for the year attributable to owners of the Company		**(83,366)**	46,759
(Loss) earnings per share	15		
From continuing and discontinued operations			
– basic and diluted		**HK(3.17) cents**	HK 2.00 cents
From continuing operations			
– basic and diluted		**HK(3.17) cents**	HK 0.53 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2011

	2011 HK$'000	2010 HK$'000
(Loss) profit for the year	**(83,366)**	46,759
Other comprehensive income (expenses)		
Exchange differences arising on translation	**–**	433
Share of other comprehensive income of an associate	**1,466**	63
Reclassification adjustment for cumulative exchange difference upon disposal of subsidiaries	**–**	(1,361)
Other comprehensive income (expenses) for the year	**1,466**	(865)
Total comprehensive (expenses) income for the year attributable to owners of the Company	**(81,900)**	45,894

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Plant and equipment	19	**5,151**	12,426
Interest in an associate	20	**–**	24,845
Available-for-sale investments	21	**500**	–
		5,651	37,271
Current assets			
Trade and other receivables	22	**38,804**	4,382
Convertible note receivable at fair value through profit or loss	23	**36,014**	–
Loans receivable	24	**30,000**	23,908
Held-for-trading investments	25	**17,400**	79,320
Bank balances and cash	26	**34,915**	16,012
		157,133	123,622
Assets classified as held for sale	27	**32,969**	–
		190,102	123,622
Current liabilities			
Other payables	28	**8,421**	4,147
Other borrowings	29	**2,495**	6,495
Income tax payable		**9,661**	9,661
		20,577	20,303
Net current assets		**169,525**	103,319
		175,176	140,590
Capital and reserves			
Share capital	30	**2,882**	2,402
Reserves		**172,294**	138,188
		175,176	140,590

The consolidated financial statements on pages 28 to 84 were approved and authorised for issue by the board of directors on 26 July 2011 and are signed on its behalf by:

Chan Lai Kwan Rainbow	**Too Shu Wing**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2011

	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Special reserve HK$'000 (Note)	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2009	2,002	20,676	68,088	8,023	928	(85,844)	13,873
Total comprehensive (expenses) income for the year	–	–	–	–	(865)	46,759	45,894
Issue of shares upon placement *(Note 30)*	400	79,600	–	–	–	–	80,000
Transaction costs attributable to placing of new shares	–	(1,993)	–	–	–	–	(1,993)
Recognition of equity-settled share-based payments	–	–	2,816	–	–	–	2,816
Transferred upon disposal of subsidiaries	–	–	–	(8,023)	–	8,023	–
At 30 April 2010	2,402	98,283	70,904	–	63	(31,062)	140,590
Total comprehensive (expenses) income for the year	–	–	–	–	1,466	(83,366)	(81,900)
Issue of shares upon placement *(Note 30)*	480	119,620	–	–	–	–	120,100
Transaction costs attributable to placing of new shares	–	(3,614)	–	–	–	–	(3,614)
Transfer to reserve for share options lapsed	–	–	(68,870)	–	–	68,870	–
At 30 April 2011	2,882	214,289	2,034	–	1,529	(45,558)	175,176

Note: The special reserve represents the difference between the nominal value of the shares of D Byford Holdings Limited, which was the holding company of the other members of the Group prior to a group reorganisation, and the nominal value of the Company's shares issued for share exchange at the time of the group reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2011

	Notes	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before taxation			
Continuing operations		**(83,366)**	22,151
Discontinued operation		**–**	34,482
		(83,366)	56,633
Adjustments for:			
Change in fair value of held-for-trading investments		**58,200**	(70,640)
Change in fair value of convertible note receivable at fair value through profit or loss		**(860)**	–
Depreciation of plant and equipment		**8,164**	2,426
Equity-settled share-based payments		**–**	2,816
Finance costs		**392**	135
Gain on derecognition of derivative financial instruments-warrants		**–**	(33)
Gain on disposal of subsidiaries	34	**–**	(30,550)
Interest income		**(1,433)**	(1,221)
Loss on disposal of held-for-trading investments		**760**	–
Loss on disposal of plant and equipment		**1**	–
Share of results of an associate		**(6,654)**	1,665
Operating cash flows before movements in working capital		**(24,796)**	(38,769)
Decrease in trade and other receivables		**578**	4,830
Increase (decrease) in other payables		**3,274**	(13,419)
Cash used in operations		**(20,944)**	(47,358)
Income tax paid		**–**	(254)
NET CASH USED IN OPERATING ACTIVITIES		**(20,944)**	(47,612)
INVESTING ACTIVITIES			
Purchase of convertible bonds		**(35,154)**	–
Deposit paid for set-up of a factory		**(35,000)**	–
Increase in loans receivable		**(6,092)**	(23,908)
Purchase of plant and equipment		**(1,523)**	(13,611)
Purchase of available-for-sale investments		**(500)**	–
Proceeds from disposal of held-for-trading investments		**2,960**	–
Interest received		**1,433**	1,221
Deposit received for the potential disposal of a subsidiary		**1,000**	–
Proceeds from disposal of plant and equipment		**633**	–
Purchase of held-for-trading investments		**–**	(6,360)
Capital injection to an associate		**–**	(22,147)
Cash outflow from acquisition of assets through acquisition of subsidiaries	33	**–**	(4,000)
Advance to an associate		**–**	(300)
Proceeds from disposal of subsidiaries	34	**–**	45,000
NET CASH USED IN INVESTING ACTIVITIES		**(72,243)**	(24,105)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 30 April 2011

	2011 HK$'000	2010 HK$'000
FINANCING ACTIVITIES		
Proceeds from placing of new shares, net of expenses	**116,486**	78,007
Repayment of other borrowings	**(4,000)**	–
Interest paid	**(392)**	(135)
New borrowings raised	**–**	6,495
Repayment to a director	**–**	(79)
NET CASH FROM FINANCING ACTIVITIES	**112,094**	84,288
NET INCREASE IN CASH AND CASH EQUIVALENTS	**18,907**	12,571
EFFECT ON FOREIGN EXCHANGE RATE CHANGES	**–**	38
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**16,012**	3,403
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**34,919**	16,012
Represented by:		
Bank balances and cash	**34,919**	16,012
Bank balances and cash included in assets classified as held for sale	**(4)**	–
	34,915	16,012

1. GENERAL

Best Miracle International Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability. The Company was formly known as Byford International Limited and renamed to its current name on 3 May 2010. The shares of the Company are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is same as the functional currency of the Company.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries together with the Company (collectively referred to as the "Group") are set out in Note 38.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied the following new and revised standards and interpretations ("new and revised IFRSs") issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB.

IFRSs (Amendments)	Amendments to IFRS 5 as part of Improvements to IFRSs 2008
IFRSs (Amendments)	Improvement to IFRSs 2009
International Accounting Standard ("IAS") 32 (Amendments)	Classification of Right Issues
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IAS 39 (Amendment)	Eligible Hedged Items
IFRS 1 (Revised)	First-time Adoption of IFRSs
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
IFRS 3 (Revised)	Business Combinations
IFRIC – Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
IFRIC – Int 17	Distributions of Non-cash Assets to Owners

The adoption of the new and revised IFRSs had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(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:

IFRSs (Amendments)	Improvements to IFRSs 2010 except for the amendments to IFRS 3 (Revised in 2008), IFRS 7, IAS 1 and IAS 28[1]
IFRS 1 (Amendments)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[2]
IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
IFRS 9	Financial Instruments[7]
IFRS 10	Consolidated Financial Statements[7]
IFRS 11	Joint Arrangements[7]
IFRS 12	Disclosure of Interests in Other Entities[7]
IFRS 13	Fair Value Measurement[7]
IAS 1 (Revised)	Presentation of Financial Statements[6]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
IAS 19 (2011)	Employee Benefits[7]
IAS 24 (Revised)	Related Party Disclosures[3]
IAS 27 (2011)	Separate Financial Statements[7]
IAS 28 (2011)	Investment in Associates and Joint Ventures[7]
IFRIC – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
IFRIC – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 January 2011.
4 Effective for annual periods beginning on or after 1 July 2011.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 July 2012.
7 Effective for annual periods beginning on or after 1 January 2013.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

IFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under IFRS 9, all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 30 April 2014 and that the application of the new standard may have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of other new and revised IFRSs will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB and the IFRIC of the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss, if any.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale (in which case it is accounted for under *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations)*. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Plant and equipment

Plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit and loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held-for-trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held-for-trading maybe be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loans receivable and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss or loans and receivables.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment loss on financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment loss on financial assets (Continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in reserve.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Other financial liabilities

Other financial liabilities including other payables and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one from the date of classification.

Non-current assets classified as held-for-sale are measured at the lower of their previous carrying value and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand with a maturity of three months or less.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

i) *Sales of goods*

Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered and title has passed.

ii) *Service fee income*

Service fee income is recognised when services are rendered.

iii) *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payment transactions

Share options granted to directors and employees

The fair value of services received is determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Share options granted to business associates

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

From 1 May 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In previous years, such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefit costs

Payments to defined contribution schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involve management's estimation. The Group assesses annually the residual value and the useful life of the plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

Impairment loss recognised in respect of plant and equipment

The impairment loss for plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. No impairment was provided for the two years ended 30 April 2011.

Impairment loss on interest in an associate

Interest in an associate is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Value-in-use calculations are used for assessing the recoverable amount of these interests. These calculations require use of judgments and estimates.

Management judgment is required for assessing impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related carrying value of interests may not be recoverable; and (ii) whether the carrying value of the interests can be supported by the recoverable amount. Changing the estimations used by management in assessing impairment could materially affect the recoverable amount used in the impairment test and as a result affect the Group's consolidated financial position and results of operations. At 30 April 2010, the carrying amount of interest in an associate is approximately HK$24,845,000 (2011: Nil), no impairment loss was recognised in both years.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment loss recognised in respect of trade receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. At 30 April 2011, the carrying amount of trade receivables were approximately HK$984,000 (30 April 2010: HK$477,000), no impairment loss was recognised in both years.

Fair value of convertible note receivables

Convertible note receivables are carried in the consolidated statement of financial position at 30 April 2011 at their fair value of approximately HK$36,014,000 (2010: Nil). As described in Note 23, the directors of the Company use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The estimation of fair value of unlisted convertible notes receivable includes some assumptions not supported by observable market prices or rates. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's convertible note receivables and corresponding adjustments to the amount of gain or loss reported in the consolidated income statement.

Impairment loss recognised in respect of other receivables and loans receivable

The policy for impairment loss of other receivables and loans receivable is determined by management based on the evaluation of the collectability of accounts and management's estimation. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each loan or other receivable. No impairment loss has been recognised in respect of other receivables and loans receivable in both years.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt which includes other borrowings as disclosed in Note 29, bank balances and cash as disclosed in Note 26 and equity attributable to owners of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the associated risks, and take appropriate actions to adjust the Group's capital structure. Based on the recommendations of the directors, the Group will balance its overall capital structure through the issue of new shares and share buy-backs as well as the issue of new debt. The Group's overall strategy remains unchanged from prior periods.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2011 HK$'000	2010 HK$'000
Financial assets		
Available-for-sale investments	**500**	–
Fair value through profit or loss		
– Designated as at fair value through profit or loss (see below)	**36,014**	–
– Held-for-trading investments	**17,400**	79,320
	53,414	79,320
Loan and receivables (including bank balances and cash)	**103,573**	44,094
Financial liabilities		
Other financial liabilities at amortised cost	**7,416**	7,142
Receivables designated at fair value through profit or loss		
Carrying amount of receivables designated at fair value through profit or loss	**35,154**	–
Changes in fair value and cumulative changes in fair value attributable to changes in credit risk recognised during the year	**860**	–

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investment, trade and other receivables, convertible note receivable at fair value through profit or loss, loans receivable, held-for-trading investments, bank balances and cash, other payables and other borrowings are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

For the year ended 30 April 2011, the Group mainly earns revenue in HK$ and incurs costs in HK$.

For the year ended 30 April 2010, the Group has foreign currency sales and purchase denominated in United States dollars ("US"), which expose the Group to currency risk arising from changes in foreign exchange rates. The directors do not expect the appreciation of the US$ against the HK$ to have any material adverse effect on the operation of the Group. Thus, no sensitivity analysis is prepared.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Currency risk *(Continued)*

Although the Group currently does not have any foreign currency hedging policies, it manages its currency exposure by ensuring that the revenue earned in HK$ (2010: US$) are used to pay for HK$ (2010: US$) denominated costs. Funds raised from financing activities which are mainly in HK$ are used to pay for HK$ expenses.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its fixed rate loans receivable and other borrowings. Details of the Group's loans receivable and other borrowings are disclosed in Notes 24 and 29, respectively.

The Group is also exposed to cash flow interest rate risk in relation to its variable rate bank balances. The Group considered that the effect of the cash flow interest rate is minimal and no sensitivity analysis to interest rate risk is presented.

Other price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity securities and derivatives had been 10% (2010: 10%) higher/lower: post-tax loss for the year ended 30 April 2011 (2010: profit) would decrease/increase by approximately HK$1,453,000 (2010: increase/decrease by approximately HK$6,623,000) as a result of the changes in fair values of held-for-trading investments.

Credit risk

At 30 April 2011 and 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each of the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

In addition, the management has considered the strong financial background of the borrower of the loans receivable, and therefore considered that there is no significant credit risk on the loans receivable. At 30 April 2011 and 2010, the Group has concentration of credit risk as loans receivable is due from a single debtor. However, the directors of the Company consider the credit risk is under control since the management exercise due care in granting credit and check the financial background of this debtor.

At 30 April 2011, the Group has concentration of credit risk as all of its trade receivables was due from a single customer located in Hong Kong (2010: a single customer located in the United States of America).

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	At 30 April 2011		At 30 April 2010	
	Within one year or on demand and total undiscounted cash flow HK$'000	**Carrying amount HK$'000**	Within one year or on demand and total undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities				
Other payables	**4,921**	**4,921**	647	647
Other borrowings	**2,776**	**2,495**	7,063	6,495
	7,697	**7,416**	7,710	7,142

8. FAIR VALUE

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values due to their short-term maturities.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

8. FAIR VALUE *(Continued)*

	At 30 April							
	Level 1		Level 2		Level 3		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Financial assets:								
Held-for-trading investments	**17,400**	79,320	**–**	–	**–**	–	**17,400**	79,320
Convertible note receivable at fair value through profit or loss	**–**	–	**–**	–	**36,014**	–	**36,014**	–
Total	**17,400**	79,320	**–**	–	**36,014**	–	**53,414**	79,320

The reconciliation of level 3 fair value measurements of financial assets is as follows:

	2011
	HK$'000
At the beginning of the year	**–**
Purchases	**35,154**
Total gains recognised in profit or loss	**860**
At the end of the year	**36,014**

There were no transfers between Level 1 and 2 in the current year and prior period.

Included in the consolidated income statement is a gain of HK$860,000 (2010: Nil) which relates to the change in fair value of convertible note receivable at the end of the reporting period.

9. TURNOVER AND OTHER OPERATING INCOME

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers, less discounts.

An analysis of the Group's turnover from continuing operations for the year is as follows:

	2011	2010
	HK$'000	HK$'000
Turnover		
Sales of electronic products	**4,851**	–
Sales of apparel products	**–**	11,381
	4,851	11,381
Other operating income		
Change in fair value of convertible note receivable at fair value through profit or loss	**860**	–
Compensation for early termination of consultancy agreement	**2,448**	–
Consultancy fee income	**4,675**	2,975
Exchange gain (net)	**38**	–
Gain on derecognition of derivative financial instruments	**–**	33
Interest income from		
– banks	**16**	55
– loans receivable	**1,417**	1,166
Management fee income	**650**	240
Others	**51**	556
	10,155	5,025
Total revenues	**15,006**	16,406

10. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

Apparel products	–	the sale of apparel products comprises sales of men's innerwear, socks and apparel products
Electronic products	–	the sale of electronic products

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Apparel products		Electronic products		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
TURNOVER						
Revenue from external customers	**–**	11,381	**4,851**	–	**4,851**	11,381
RESULT						
Segment results	**–**	(1,009)	**127**	(11)	**127**	(1,020)
Interest income					**1,433**	1,221
Change in fair value of convertible note receivable at fair value through profit or loss					**860**	–
Change in fair value of held-for-trading investments					**(58,200)**	70,640
Loss on disposal of held-for-trading investments					**(760)**	–
Equity-settled share-based payments					**–**	(2,816)
Finance costs					**(392)**	(135)
Share of results of an associate					**6,654**	(1,665)
Unallocated corporate income					**7,862**	3,263
Unallocated corporate expenses					**(40,950)**	(47,337)
(Loss) profit before taxation					**(83,366)**	22,151

10. SEGMENT INFORMATION *(Continued)*

(a) Segment revenues and results *(Continued)*

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represents the results of each segment without allocation of interest income, change in fair value of convertible note receivable at fair value through profit or loss, change in fair value of held-for-trading investments, loss on disposal of held-for-trading investment, equity-settled share based payments, finance costs, share of results of an associate, central administration costs and directors' emoluments. This is the measure reported to the chief operating decision makers (the board of directors) of the Group for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

	Apparel products		Electronic products		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS						
Segment assets	**–**	483	**986**	–	**986**	483
Unallocated corporate assets						
– Interest in an associate					**–**	24,845
– Available-for-sale investment					**500**	–
– Other receivables					**37,820**	3,899
– Convertible note receivable at fair value through profit and loss					**36,014**	–
– Loans receivable					**30,000**	23,908
– Held-for-trading investments					**17,400**	79,320
– Bank balances and cash					**34,915**	16,012
– Others					**38,118**	12,426
Total consolidated assets					**195,753**	160,893
LIABILITIES						
Segment liabilities	**–**	38	**3,530**	3,500	**3,530**	3,538
Unallocated corporate liabilities						
– Other borrowings					**2,495**	6,495
– Income tax payables					**9,661**	9,661
– Others					**4,891**	609
Total consolidated liabilities					**20,577**	20,303

10. SEGMENT INFORMATION *(Continued)*

(b) Segment assets and liabilities *(Continued)*

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than interest in an associate, available-for-sale investments, other receivables, convertible note receivable at fair value through profit and loss, loans receivable, held-for-trading investments, bank balances and cash and assets classified as held for sale. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to reportable segments other than other borrowings and income tax payable. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(c) Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

	Apparel products		Electronic products		Unallocated		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Amount included in the measure of segment profit or loss or segment assets:								
Additions to non-current assets *(Note)*	**–**	–	**–**	–	**1,523**	13,611	**1,523**	13,611
Depreciation	**–**	2	**2**	–	**8,162**	2,424	**8,164**	2,426
Loss on disposal of plant and equipment	**–**	–	**–**	–	**1**	–	**1**	–

Note: Non-current assets exclude financial instruments

10. SEGMENT INFORMATION *(Continued)*

(c) Other segment information *(Continued)*

	Apparel products		Electronic products		Unallocated		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Amount regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets								
Change in fair value of financial assets held for trading	**–**	–	**–**	–	**58,200**	(70,640)	**58,200**	(70,640)
Change in fair value of convertible note receivable at fair value through profit or loss	**–**	–	**–**	–	**(860)**	–	**(860)**	–
Finance costs	**–**	–	**–**	–	**392**	135	**392**	135
Gain on disposal of subsidiaries	**–**	–	**–**	–	**–**	(30,550)	**–**	(30,550)
Gain on derecognition of derivative financial instruments – warrants	**–**	–	**–**	–	**–**	(33)	**–**	(33)
Income tax expense	**–**	–	**–**	–	**–**	9,661	**–**	9,661
Interest income	**–**	–	**–**	–	**(1,433)**	(1,221)	**(1,433)**	(1,221)
Loss on disposal of held-for-trading investment	**–**	–	**–**	–	**760**	–	**760**	–

(d) Geographical information

For the year ended 30 April 2011, all of the Group's revenue and assets are derived from external customers and operations based in the PRC including Hong Kong (country of domicile) (2010: United States of America) and accordingly, no further analysis of the Group's geographical information is disclosed.

(e) Information about major customers

	Segment	2011	2010
		HK$'000	HK$'000
Customer A	Apparel products	**N/A***	11,381
Customer B	Electronic products	**4,851**	N/A*

* The corresponding revenue does not contribute over 10% of the total turnover of the Group in the respective year.

11. FINANCE COSTS

From continuing operations

	2011 HK$'000	2010 HK$'000
Interest expenses on other borrowings wholly repayable within one year	**392**	135

12. INCOME TAX EXPENSE

From continuing operations

	2011 HK$'000	2010 HK$'000
Hong Kong Profits Tax	**–**	9,661

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.

Hong Kong Profits Tax has not been provided for in the consolidated financial statements as the Group has no assessable profits for the year ended 30 April 2011.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 30 April 2010.

The income tax expense for the year can be reconciled to the (loss) profit before taxation per the consolidated income statement as follows:

	2011 HK$'000	2010 HK$'000
(Loss) profit before taxation	**(83,366)**	22,151
Tax at the domestic income tax rate of 16.5% (2010: 16.5%)	**(13,755)**	3,655
Tax effect of income not taxable for tax purposes	**(160)**	(63)
Tax effect of expenses not deductible for tax purpose	**2,870**	2,837
Utilisation of tax losses previously not recognised	**–**	(6)
Tax effect of unused tax losses and deductible temporary differences not recognised	**12,143**	2,963
Tax effect on share of results of an associate	**(1,098)**	275
Income tax expense for the year	**–**	9,661

Details of the deferred taxation are set out in Note 31.

13. (LOSS) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

(Loss) profit for the year from continuing operations has been arrived at after charging:

	2011	2010
	HK$'000	HK$'000
Staff cost (including directors' emoluments)		
– salaries, bonuses and allowances	**10,093**	12,178
– equity-settled share-based payment	**–**	2,816
– retirement benefit scheme contributions	**276**	440
	10,369	15,434
Auditor's remuneration	**370**	470
Cost of inventories recognised as expenses	**4,681**	10,820
Depreciation of plant and equipment	**8,164**	2,426
Exchange loss (net)	**–**	40
Loss of disposal of plant and equipment	**1**	–
Loss on disposal of held-for-trading investments	**760**	–
Minimum lease payments under operating leases	**9,115**	8,436

14. 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 the 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 year ended 30 April 2010 from the discontinued operation was analysed as follow:

	2010
	HK$'000
Profit of licensing business	3,719
Gain on disposal of licensing business *(Note 34)*	30,550
	34,269

14. DISCONTINUED OPERATION *(Continued)*

The result of the discontinued operation for the period from 1 May 2009 to 31 August 2009, which has been included in the consolidated income statement was as follow:

	From 1.5.2009 to 31.8.2009 HK$'000
Turnover	4,312
Cost of sales	–
Gross profit	4,312
Other operating income	157
Selling and distribution costs	(170)
Administrative expenses	(367)
Profit before taxation	3,932
Income tax expense	(213)
Profit for the period from discontinued operation, attributable to the owners of the Company	3,719

Profit for the year from discontinued operation includes the following:

Salaries, bonuses and allowances	112
Retirement benefit scheme contributions	4
Auditors' remuneration	27

The cash flow attributable to the discontinued operation, net cash from operating activities and total cash inflow	5,656

The carrying amounts of assets and liabilities of the D Byford Group at the date of disposal are disclosed in Note 34.

15. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2011 HK$'000	2010 HK$'000
(Loss) profit for the year attributable to the owners of the Company	(83,366)	46,759
Weighted average number of ordinary shares in issue ('000)	2,629,697	2,337,343
Basic (loss) earnings per share	HK(3.17) cents	HK2.00 cents

The computation of diluted (loss) earnings per share is the same as the basic (loss) earnings per share for the two years ended 30 April 2011 and 2010 as the exercise of the Company's share options is not assumed due to the exercise price of the outstanding share options during these two years was higher than the average market price of the Company's shares.

From continuing operations

The calculation of the basic (loss) earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	2011 HK$'000	2010 HK$'000
(Loss) profit for the year attributable to the owners of the Company	(83,366)	46,759
Less: profit for the year from discontinued operation	–	(34,269)
	(83,366)	12,490

The denominators used are the same as those detailed above for basic (loss) earnings per share.

The computation of diluted (loss) earnings per share from continuing operations is the same as the basic (loss) earnings per share for the two years ended 30 April 2011 and 2010 as the exercise of the Company's share options is not assumed due to the exercise price of the outstanding share options during these two years was higher than the average market price of the Company's shares.

15. (LOSS) EARNINGS PER SHARE *(Continued)*

From discontinued operation

The computation of basic earnings per share from discontinued operation is HK1.47 cents per share for the year ended 30 April 2010 (2011: Nil), which was based on the profit for the year from discontinued operation of approximately HK$34,269,000 (2011: Nil) and the denominators detailed above for basic loss per share.

The computation of diluted earnings per share for discontinued operation for the year ended 30 April 2010 is the same as the basic earnings per share as the exercise of the Company's share options is not assumed due to the exercise price of the outstanding share options during these two years was higher than the average market price of the Company's shares (2011: Nil).

16. DIVIDEND

No dividend was paid, declared or proposed during the year ended 2011, nor has any dividend been proposed since the end of the reporting period (2010: Nil).

17. STAFF COSTS (EXCLUDING DIRECTORS' EMOLUMENTS)

	2011	2010
	HK$'000	HK$'000
Salaries, bonuses and allowances	**7,524**	9,297
Equity-settled share-based payment	**–**	781
Retirement benefit scheme contributions	**221**	382
	7,745	10,460

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for its Hong Kong employees. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, each of the Group companies (the "employer") in Hong Kong and its employees makes monthly contributions to the scheme at 5% of the employee's earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employer and employees are subject to a cap of HK$1,000 per month. During the year ended 30 April 2011, a total contribution of approximately HK$276,000 (2010: HK$444,000) was made by the Group in respect of this scheme.

18. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the eight (2010: eight) directors for the year ended 30 April 2011 is set out below:

	For the year ended 30 April 2011				
	Fees HK$'000	Salaries, bonuses and allowances HK$'000	Equity-settled share-based payment HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
Ms. Wong Yuet May, Jeremy	260	–	–	12	272
Ms. Chan Lai Kwan, Rainbow	637	–	–	12	649
Mr. Chan Fu Kei	260	–	–	12	272
Mr. Woo Hing Keung, Lawrence (Resigned 10 November 2010)	601	–	–	7	608
Mr. Too Shu Wing	494	–	–	12	506
Independent non-executive directors					
Mr. Lam Shiu Cheong, Raymond (Appointed on 3 May 2010)	105	–	–	–	105
Mr. Chan Tak Yan	106	–	–	–	106
Mr. Orr Wai Shing, Joseph	106	–	–	–	106
	2,569	–	–	55	2,624

18. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

	For the year ended 30 April 2010				
	Fees HK$'000	Salaries, bonuses and allowances HK$'000	Equity-settled share-based payment HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
Ms. Wong Yuet May, Jeremy	260	–	407	12	679
Ms. Chan Lai Kwan, Rainbow	650	–	407	12	1,069
Mr. Chan Fu Kei	260	–	407	12	679
Mr. Woo Hing Keung, Lawrence	1,040	–	407	12	1,459
Mr. Too Shu Wing (Appointed on 4 September 2009)	313	66	407	10	796
Independent non-executive directors					
Mr. Chan Tak Yan	106	–	–	–	106
Mr. Chiu Kwok Wing, Benedict (Resigned on 4 February 2010)	80	–	–	–	80
Mr. Orr Wai Shing, Joseph	106	–	–	–	106
	2,815	66	2,035	58	4,974

No directors waived or agreed to waive any emoluments during the year ended 30 April 2011 and 2010.

18. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Senior management's emoluments

Of the five individuals with the highest emoluments in the Group, two (2010: two) were directors of the Company whose emoluments are set out above. The emoluments of the remaining three (2010: three) highest paid individual for the two years ended 30 April 2011 are as follows:

	2011	2010
	HK$'000	HK$'000
Salaries, bonuses and allowances	**2,585**	2,492
Retirement benefits schemes contributions	**38**	32
	2,623	2,524

Their emoluments were within the following bands:

	No. of individuals	
	2011	2010
Nil to HK$1,000,000	**3**	3

(c) No emolument have been paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 30 April 2011 and 2010.

19. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 May 2009	–	757	851	1,608
Additions	9,732	2,101	1,778	13,611
At 30 April 2010	9,732	2,858	2,629	15,219
Additions	307	480	736	1,523
Disposals	–	–	(946)	(946)
At 30 April 2011	10,039	3,338	2,419	15,796
ACCUMULATED DEPRECIATION				
At 1 May 2009	–	234	133	367
Provided for the year	1,759	275	392	2,426
At 30 April 2010	1,759	509	525	2,793
Provided for the year	7,190	357	617	8,164
Eliminated on disposals	–	–	(312)	(312)
At 30 April 2011	8,949	866	830	10,645
CARRYING VALUES				
At 30 April 2011	1,090	2,472	1,589	5,151
At 30 April 2010	7,973	2,349	2,104	12,426

The above items of plant and equipment are depreciated on a straight-line basis over the estimated useful lives at the following rates per annum:

Leasehold improvements	Over the shorter of the lease term or 20%
Furniture, fixtures and office equipment	10% to 25%
Motor vehicles	20%

20. INTEREST IN AN ASSOCIATE

	2011 HK$'000	2010 HK$'000
Cost of investment in an associate, unlisted	**26,147**	26,147
Share of post-acquisition losses and other comprehensive income	**6,518**	(1,602)
Share of net assets	**32,665**	24,545
Amount due from an associate *(Note i)*	**300**	300
	32,965	24,845
Transferred to assets classified as held for sales *(Note 27)*	**(32,965)**	–
	–	24,845

Notes:

i) The amount is unsecured, non-interest bearing and is not expected to be realised within one year.

ii) In 2010, the Group acquired 46% of the equity interests in Guangdong Zhen Reng Petrochemical Company Limited ("Guangdong Zhen Rong") for a consideration of approximately HK$4,000,000 through the acquisition of 100% of the equity interests in Welford International Industrial Limited.

In 2010, the Group injected capital of approximately HK$22,147,000 into the associate and all the registered capital was fully paid at 30 April 2010.

iii) Included in the cost of investment at 30 April 2011 and 2010 is goodwill of approximately HK$1,556,000.

iv) On 30 September 2010, the Group entered into a memorandum of understanding with an independent third party for the potential disposal of the interest in an associate as such the interest in an associate has been transferred to assets classified as held for sale. Details as set out in Note 27.

At 30 April 2010, the Group has interest in the following associate:

Name	Place of incorporation and operations	Registered capital	Percentage of equity attributable to the Group 2011	Percentage of equity attributable to the Group 2010	Principal activity
Guangdong Zhen Rong *(Note)** (廣東振戎石油化工有限公司)	The PRC	RMB50,000,000	**N/A**	46%	Trading of oil products

Note: Guangdong Zhen Rong is a wholly-owned foreign enterprise.

* *English name is for identification only.*

20. INTEREST IN AN ASSOCIATE *(Continued)*

The summarised of unaudited financial information in respect of the Group's associate is set out below:

	2010 HK$'000
Total assets	89,898
Total liabilities	(39,922)
Net assets	49,976
Group's share of net assets of an associate	22,989

	Year ended 30 April 2011 HK$'000	21.10.2009 to 30.4.2010 HK$'000
Revenue	**3,521,416**	20,975
Profit (loss) for the period	**14,465**	(3,621)
Group's share of results of an associate for the period	**6,654**	(1,665)
Group's share of other comprehensive income for the period	**1,466**	63

21. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2011 HK$'000	2010 HK$'000
Unlisted equity securities, at cost	**500**	–

Available-for-sale investments represent the Group's 5% interests in the share capital of Hong Kong Hai Xi Investment Limited, a private limited liability company incorporated in Hong Kong whose principal activity is investment holding.

The available-for-sale investments are measured at cost less impairment at the end of reporting period because the range of reasonable fair value estimated is so wide that the directors of the Company are of the opinion that the fair values cannot be measured reliably.

22. TRADE AND OTHER RECEIVABLES

	2011 HK$'000	2010 HK$'000
Trade receivables	**984**	477
Prepayments, deposits and other receivables	**2,820**	3,905
Deposits paid *(Note c)*	**35,000**	–
	38,804	4,382

The Group allows a general credit period of 30 to 90 days to its customers.

(a) An aged analysis of the trade receivables, net of impairment loss recognised, presented based on the invoice date at the end of the reporting period is as follow:

	2011 HK$'000	2010 HK$'000
31-60 days	**984**	254
61-90 days	**–**	223
	984	477

(b) At 30 April 2011 and 2010, the aging analysis of trade receivables that were past due but not impaired are as follows:

			Past due but not impaired	
	Total HK$'000	Neither past due but nor impaired HK$'000	Less than 30 days HK$'000	31-60 days HK$'000
At 30 April 2011	**984**	**984**	**–**	**–**
At 30 April 2010	477	–	254	223

Trade receivables that were neither past due nor impaired relate to a customer for whom there was no recent history of default. The Group does not hold any collateral over these balances.

22. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) *(Continued)*

Trade receivables that were past due but not impaired relate to an independent customer that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(c) At 30 April 2011, the amount represents the earnest money paid to Sino Favour Group Limited ("Sino Favour"), an independent third party not connected with the Group in relation to a cooperative framework agreement for the set up of a food manufacturing and processing factory in the PRC. Details of the cooperative framework agreement can be found in the announcement of the Company dated 15 March 2011. On 21 July 2011, the cooperation framework agreement was terminated and the Group received full refund of the amount.

(d) At 30 April 2010, trade and other receivables included approximately US$61 (30 April 2011: Nil) which were denominated in a currency other than the functional currency of the Group.

23. CONVERTIBLE NOTE RECEIVABLE AT FAIR VALUE THROUGH PROFIT OR LOSS

Convertible note receivable is designated as financial assets at fair value through profit and loss consists of:

	Convertible Note
	HK$'000
Date of issue	4 November 2010
Coupon rate	0%
Maturity date	8.11.2013
Principal amount	HK$35,154,000

The convertible note can be converted into shares of the issuer at any time within a period of three years from the date of issue. Redemption is made on maturity of the convertible note.

(a) Convertible note receivables are classified according to the maturity date of the instrument. However, the directors of the Company have approved the conversion of the convertible bonds (Note 40) and thus, the convertible bonds are expected to be realised within twelve months after the reporting period and is included in current assets.

23. CONVERTIBLE NOTE RECEIVABLE AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

(b) Fair values of these unlisted convertible note receivables have been determined with reference to the valuation performed by Avista Valuation Advisory Limited, an independent qualified professional valuer not connected with the Group, using the Binominal Option Pricing Model ("Binominal Model").

Binominal Model is used for valuation of convertible note receivable designated as financial assets at fair value through profit or loss. The inputs into the model at the date of issue and at 30 April 2011 were as follows:

	4 November 2010	**30 April 2011**
Conversion price (HK$'000)	35,154	35,154
Time to maturity	3.00	2.53
Risk-free rate	2.73%	3.22%
Equity volatility	37.8%	34.5%
Asset volatility	19.8%	17.9%
Straight bond discount rate	19.6%	19.0%

(c) A fair value gain of approximately HK$860,000 was recognised for the year ended 30 April 2011 (2010: Nil).

24. LOANS RECEIVABLE

(a) On 29 November 2010, the Group entered into a loan agreement with Cheong Tat International Limited ("Cheong Tat"), an independent third party not connected with the Group pursuant to which the Group agreed to advance a loan of HK$30,000,000 to Cheong Tat at an interest rate of 4.2% per annum. The loan was unsecured and repayable within 12 months.

(b) On 17 September 2009, the Group entered into a loan agreement with Dragoncom Holdings Limited ("Dragoncom"), an independent third party of the Company, pursuant to which the Group agreed to advance a loan of HK$23,908,000 to Dragoncom at an interest rate of 8% per annum. The loan was secured by a charge over Dragoncom's portfolio of securities listed in Hong Kong in favour of the Group. The loan was fully repaid during the year ended in 2011.

25. HELD-FOR-TRADING INVESTMENTS

	2011	2010
	HK$'000	HK$'000
Held-for-trading investments comprise:		
– Equity securities listed in Hong Kong	17,400	79,320

The above financial assets are classified as held-for-trading. The fair values of these financial assets are based on quoted market prices.

26. BANK BALANCES AND CASH

(a) Bank balances comprised of deposits with an original maturity of three months or less.

(b) The effective interest rate on bank balances and bank deposits was 0.05% (2010: 0.15%) per annum.

(c) At 30 April 2011, the Group's bank balances and cash denominated in RMB amounted to approximately RMB6,000, equivalent to approximately HK$7,000 (2010: RMB27,000 equivalent to approximately HK$30,000). Conversion of RMB to foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

(d) Included in bank balances and cash are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2011	2010
	'000	'000
USD	2	3
RMB	6	27

27. ASSETS CLASSIFIED AS HELD FOR SALE

On 30 September 2010, the Group entered into a memorandum of understanding with Best Fortress Limited ("Best Fortress"), an independent third party not connected with the Group for the potential disposal of the entire equity interests in Welford International Industrial Limited ("Welford"). An earnest money of HK$ 1,000,000 (Note 28) was received by the Group during the year ended 30 April 2011. The major assets of Welford classified as held for sale at 30 April 2011 are as follows:

	HK$'000
Interests in an associate	32,965
Bank balances	4
	32,969

28. OTHER PAYABLES

Included in other payables is an amount of HK$1,000,000 (2010: Nil) deposit received from Best Fortress for the potential disposal of Welford. Details are set out in Note 27.

29. OTHER BORROWINGS

At 30 April 2011 and 2010, the Group's other borrowings was due to an independent third party. The balance was unsecured, carried interest at 11.25% (2010: 8.75%) per annum and repayable on demand.

30. SHARE CAPITAL

Ordinary shares of HK$0.001 each	**Number of shares**	**Amount**
	'000	HK$'000
Authorised:		
At 1 May 2009, 30 April 2010 and 30 April 2011	50,000,000	50,000
Issued and fully paid:		
At 1 May 2009	2,002,000	2,002
Issue of share upon placement *(Note ii)*	400,000	400
At 30 April 2010	2,402,000	2,402
Issue of share upon placement *(Note i)*	480,400	480
At 30 April 2011	2,882,400	2,882

30. SHARE CAPITAL *(Continued)*

Notes:

i) On 8 November 2010, the Group had placed 480,400,000 new ordinary shares of HK$0.001 each at the price of HK$0.25 per placing share. The net proceeds from the placement after deducting all related expenses was approximately HK$116,486,000 which were used to provide additional general working capital for the Company and/or for future possible investment opportunities.

ii) On 29 June 2009, the Group had placed 400,000,000 new ordinary shares of HK$0.001 each at the price of HK$0.20 per placing share. The net proceeds from the placement after deducting all related expenses was approximately HK$78,007,000 which was used to provide additional general working capital for the Company and/or for future possible investment opportunities.

iii) All the ordinary shares issued during the year rank pari passu with the existing ordinary shares in all respects.

31. DEFERRED TAXATION

The following are the major deferred tax (liabilities) assets recognised by the Group and movements thereof during the current and prior years:

	Accelerated tax depreciation	**Estimated tax losses**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 May 2009	(168)	168	–
Credited (charged) to consolidated income statement	128	(128)	–
At 30 April 2010	(40)	40	
Credited (charged) to consolidated income statement	40	(40)	–
At 30 April 2011	**–**	**–**	**–**

At the end of the reporting period, the Group has unused tax losses of approximately HK$82,879,000 (2010: HK$12,303,000) available for offset against future profits. At 30 April 2010, a deferred tax asset has been recognised in respect of HK$248,000 (2011: Nil) of such losses . At 30 April 2010, no deferred tax asset had been recognised in respect of the remaining HK$12,055,000 (2011: HK$82,879,000) losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary difference of HK$2,770,000 (2010: Nil). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary can be utilised.

32. EQUITY-SETTLED SHARE BASED PAYMENT

Pursuant to the written resolutions of the shareholders of the Company dated 10 June 2003, among others, a share option scheme namely, Employee Share Option Scheme, was adopted by the Company.

(a) Purpose of the Employee Share Option Scheme

The purpose of the Employee Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interests with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

(b) Participants of the Employee Share Option Scheme

Pursuant to the Employee Share Option Scheme, the board of directors ("Board") may, at its discretion, invite (i) employees of the Company (whether full-time or part-time) or any of its subsidiaries or associated companies; (ii) directors of the Company (whether executive directors, non-executive directors or independent non-executive directors) or directors of any of the subsidiaries or associated companies of the Group; (iii) suppliers of goods and/or services to the Company or any of its subsidiaries or associated companies; (iv) resellers, distributors, licensees, business collaborators, business consultants, joint venture or business partners, technical, financial, legal and other professional advisors engaged by the Company or any of its subsidiaries or associated companies; (v) substantial shareholders of each member of the Group; (vi) associates of directors or substantial shareholders of any of member of the Group, the subsidiaries or their associated companies; and (vii) the trustee of any trust pre-approved by the Board the beneficiary (or in case of discretionary trust, the discretionary objects) which includes any of the above-mentioned persons, to take up options to subscribe for shares of the Company.

(c) Total number of shares available for issue under the Employee Share Option Scheme

The total number of shares of the Company which may by issued upon exercise of all options to be granted under the Employee Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 20,000,000 shares (increased to 200,000,000 shares by the share sub-division with effect in October 2007) of the Company, which represents 10% of the total number of the shares of the Company in issue immediately following completion of the Placing (as defined in the Company's prospectus dated 23 June 2003). The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Employee Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue from time to time.

32. EQUITY-SETTLED SHARE BASED PAYMENT *(Continued)*

(d) Maximum entitlement of each participant

Pursuant to the Employee Share Option Scheme, the total number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted pursuant to the Employee Share Option Scheme and any other share option schemes of the Company to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue.

(e) Time of exercise of options

Pursuant to the Employee Share Option Scheme, any option may be exercised in accordance with its terms at any time during a period of not more than ten years after the date on which an offer of the option is made to a grantee to be notified by the Board to each grantee and there is no minimum period for which an option must be held before it can be exercised.

(f) Acceptance of option

Pursuant to the Employee Share Option Scheme, HK$1.00 per offer of grant is payable by the grantee to the Company on acceptance of the option offer as consideration for the grant. Pursuant to the Employee Share Option Scheme, the option must be accepted within 21 days from the date on which an offer of option is made to a grantee.

(g) Basis of determining the subscription price

The subscription price per share under the Employee Share Option Scheme shall be determined by the Board at its absolute discretion and notified to each grantee and shall be no less than the highest of:

(i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date on which an offer of the option is made to a grantee, which must be a Trading Day (as defined in the Employee Share Option Scheme);

(ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five consecutive trading days immediately preceding the date on which an offer of the option is made to a grantee; and

(iii) the nominal value of a share of the Company.

(h) Remaining life of the Employee Share Option Scheme

The Employee Share Option Scheme will remain valid for a period of 10 years commencing on 10 June 2003 (save that the Company, by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Employee Share Option Scheme).

32. EQUITY-SETTLED SHARE BASED PAYMENT *(Continued)*

Movements of the Company's share options held by directors and employees during the two years ended 30 April 2011 are:

		Number of share options						
Category of participant	Date of grant	Outstanding at 1 May 2009	Granted during the year	Outstanding at 30 April 2010	Lapsed during the year	Outstanding at 30 April 2011	Exercise period	Exercise price per share HK$
Directors	27 October 2007	20,000,000	–	20,000,000	(20,000,000)	–	27 October 2007 to 27 October 2010	2.32
	11 September 2009	–	5,000,000	5,000,000	(1,000,000)	4,000,000	11 September 2009 to 10 September 2012	0.70
Employees	11 September 2009	–	1,000,000	1,000,000	–	1,000,000	11 September 2009 to 10 September 2012	0.70
	14 September 2009	–	1,000,000	1,000,000	(1,000,000)	–	14 September 2009 to 13 September 2012	0.78
Business associates	27 October 2007	20,000,000	–	20,000,000	(20,000,000)	–	27 October 2007 to 27 October 2010	2.32
		40,000,000	7,000,000	47,000,000	(42,000,000)	5,000,000		
Exercisable at the end of the year						5,000,000		
Weighted average exercise price (HK$)		2.32	0.71	2.08	2.24	0.70		

During the year ended 30 April 2010, the estimated fair values of the options granted on 11 September 2009 and 14 September 2009 was approximately HK$2,441,000 and HK$375,000 respectively. No share option was granted during the year ended 30 April 2011.

32. EQUITY-SETTLED SHARE BASED PAYMENT *(Continued)*

These fair values were calculated using the Black-Scholes-Merton Option Pricing Model. The inputs into the model were as follows:

	14 September 2009	11 September 2009
Closing share price on date of grant	HK$0.660	HK$0.700
Exercise price	HK$0.708	HK$0.700
Risk-free interest rate	0.362%	0.362%
Expected volatility	132.14%	132.15%

Expected volatility was determined based on the historical share prices of the Company as at the valuation dated under the same period as the expected life.

The Group recognised the total expense of approximately HK$2,816,000 for the year ended 30 April 2010 (2011: Nil) in relation to share options granted by the Company.

33. ACQUISITION OF ASSET THROUGH ACQUISITION OF SUBSIDIARIES

On 21 October 2009, the Group acquired 46% equity interest in Guangdong Zhen Rong through the acquisition of 100% entire equity interest in Welford International Industrial Limited and its subsidiary from Great Hill Trading Limited, an independent third party, for a consideration of HK$4,000,000 settled in cash. The acquisition has been accounted for as an acquisition of interest in an associate.

The asset and liability at the date of acquisition were as follows:

	HK$'000
Asset and liability acquired:	
Investment in an associate	4,000
Amount due to shareholders	(17,027)
	(13,027)
Assignment of debt	17,027
Total consideration	4,000
Satisfied by:	
Cash consideration paid	4,000
Net cash outflow arising on acquisition	
Cash consideration paid	(4,000)

34. DISPOSAL OF SUBSIDIARIES

As set out in Note 14, on 31 August 2009, the Group discontinued its licensing business at the time of disposal of its entire interest in D Byford Holdings Limited and its subsidiaries ("D Byford Group"). The net assets of D Byford Group at the date of disposal was as follows:

	At 31 August 2009 HK$'000
Assets disposed of:	
Trademark	15,811
Release of translation reserve	(1,361)
Gain on disposal	30,550
Total consideration	45,000
Satisfied by:	
Cash	45,000
Net cash inflow arising from disposal:	
Cash consideration	45,000

The impact of D Byford Group on the Group's results and cash flows in the current and prior period is disclosed in Note 14.

35. OPERATING LEASE ARRANGEMENT

The Group as lessee

The Group lease office premises, guest accommodations and staff quarter under operating lease arrangement. Leases are negotiated for an average of two years and rentals are fixed for an average of two years. None of the leases include contingent rentals and terms and renewal were established in the leases.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2011 HK$'000	2010 HK$'000
Within one year	**4,075**	7,660
In the second to fifth years inclusive	**3,635**	227
	7,710	7,887

36. CAPITAL COMMITMENTS

At 30 April 2011, the Group had capital commitments in respect of the acquisition of plant and equipment of approximately HK$596,000 (2010: HK$663,000) contracted for but not provided in the consolidated financial statements.

37. RELATED PARTY TRANSACTIONS

(a) Except as disclosed elsewhere in the consolidated financial statements, the Group had no related party transactions for the two years ended 30 April 2011.

(b) Key management compensation

The remuneration of the directors and other key executives during the year was as follows:

	2011	2010
	HK$'000	HK$'000
Short-term employment benefits	**2,569**	2,881
Equity-settled share-based payments	**–**	2,035
Post employment benefits	**55**	58
	2,624	4,974

The remuneration of the directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

38. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries at 30 April 2011 and 2010 are as follows:

Name of subsidiaries	Class of share held	Place of incorporation/ establishment and operations	Paid up issued share capital	Percentage of equity interest attributable to the Group		Principal activities
				2011	2010	
Indirectly held						
Goldbox Company Limited	Ordinary	Hong Kong	HK$10,000	**99.99%**	99.99%	Corporate Administration
Hola Far East Limited	Ordinary	Hong Kong	HK$100	**100%**	100%	Trading of apparel and electronic products
Happy Capital Investment Limited	Ordinary	Hong Kong	HK$1	**100%**	100%	Trading of electronic products
Magic Charming Investments Limited	Ordinary	British Virgin Islands ("BVI")	US$1	**100%**	100%	Investment in listed securities
Megamillion Asia Limited	Ordinary	BVI	US$1	**100%**	100%	Investment holding
Best Oasis Holdings Limited	Ordinary	Hong Kong	HK$1	**100%**	100%	Corporate administration
Welford International Industrial Limited	Ordinary	Hong Kong	HK$10,000	**100%**	100%	Investment holding

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Plant and equipment		**34**	56
Investments in subsidiaries		**8**	–
		42	56
Current assets			
Amounts due from subsidiaries	(a)	**194,112**	100,457
Other receivables		**–**	1,393
Bank balances and cash		**2,722**	10,509
		196,834	112,359
Current liabilities			
Other payables		**372**	439
Amounts due to subsidiaries	(a)	**5,309**	–
		5,681	439
Net current assets		**191,153**	111,920
		191,195	111,976
Capital and reserves			
Share capital		**2,882**	2,402
Reserves	(b)	**188,313**	109,574
		191,195	111,976

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes:

(a) The amounts due from (to) subsidiaries are unsecured, non-interest bearing and repayable on demand.

(b)

	Share premium HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2009	20,676	68,088	(90,494)	(1,730)
Total comprehensive income for the year	–	–	30,881	30,881
Recognition of equity-settled share-based payments	–	2,816	–	2,816
Issue of shares upon placement	79,600	–	–	79,600
Transaction costs attributable to placing of new shares	(1,993)	–	–	(1,993)
At 30 April 2010	98,283	70,904	(59,613)	109,574
Total comprehensive expenses for the year	–	–	(37,267)	(37,267)
Issue of shares upon placement	119,620	–	–	119,620
Transaction costs attributable to placing of new shares	(3,614)	–	–	(3,614)
Transfer to reserve for share options lapsed	–	(68,870)	68,870	–
At 30 April 2011	**214,289**	**2,034**	**(28,010)**	**188,313**

40. EVENTS AFTER THE END OF THE REPORTING PERIOD

i) On 29 November 2010, the board of directors of the Company approved the exercise of the conversion rights attached to the convertible bonds as stated in Note 23. Upon completion of the conversion of the convertible bonds which constitutes a very substantial acquisition ("VSA") of the Company under the GEM Listing Rules. Upon completion of the VSA, Cheong Tat will become a subsidiary of the Group. A circular containing, among other things, further details of the conversion and the notice of the extra-ordinary general meeting will be dispatched to the shareholders. At the date of issuance of the consolidated financial statements, the VSA was still in progress, details of which can be found in the announcement of the Company dated 30 June 2011.

ii) On 21 July 2011, the Group terminated the cooperative framework agreement with Sino Favour and earnest deposit of HK$ 35,000,000 was refunded and received by the Group. Details of which can be found in the announcement of the Company dated 25 July 2011.

iii) On 26 July 2011, the directors of Company proposed that the name of the Company be changed from Best Miracle International Limited (進能國際有限公司) to Chinese Food and Beverage Group Limited (華人飲食集團有限公司). Details of which can be found in the announcement of the Company dated 26 July 2011.