

# Best Miracle International Limited

First Quarterly Report

## 2011/2012

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8272



## 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.

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*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.*

*This report will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its publication and the Company’s website at [www.bestmiracle.com.hk](http://www.bestmiracle.com.hk).*

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of Directors of the Company (the “**Board**”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 July 2011 together with the comparative unaudited figures for the previous corresponding period as follows:

## Condensed Consolidated Income Statement

*For the three months ended 31 July 2011*

		Three months ended 31 July	
	Notes	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Turnover	3	991	2,326
Cost of sales		(957)	(2,187)
Gross profit		34	139
Other operating income		4,646	2,048
Change in fair value of held-for-trading investments		(7,800)	(35,280)
Administrative expenses		(4,743)	(9,003)
Finance costs		(15)	(89)
Share of results of an associate		3,794	1,030
Loss before tax		(4,084)	(41,155)
Income tax expense	4	–	5,820
Loss for the period attributable to owners of the Company		(4,084)	(35,335)
Loss per share – basic and diluted	6	HK cents (0.14)	HK cents (1.47)

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Condensed Consolidated Statement of Comprehensive Income

*For the three months ended 31 July 2011*

	Three months ended 31 July	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Loss for the period	(4,084)	(35,335)
Other comprehensive income		
Exchange differences arising on translation	78	—
Total comprehensive expenses for the period attributable to owners of the Company	(4,006)	(35,335)

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Condensed Consolidated Statement of Changes in Equity

*For the three months ended 31 July 2011*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 May 2010 (audited)	2,402	98,283	70,904	63	(31,062)	140,590
Total comprehensive expenses for the period	–	–	–	–	(35,335)	(35,335)
At 31 July 2010 (unaudited)	2,402	98,283	70,904	63	(66,397)	105,255
At 1 May 2011 (audited)	2,882	214,289	2,034	1,529	(45,558)	175,176
Total comprehensive income (expenses) for the period	–	–	–	78	(4,084)	(4,006)
At 31 July 2011 (unaudited)	2,882	214,289	2,034	1,607	(49,642)	171,170

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 July 2011

## 1. General Information

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on the GEM of the Stock Exchange. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the address of its principal place of business in Hong Kong is Unit 1911, 19/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

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

## 2. Basis of Preparation and Principal Accounting Policies

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

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. Historical cost is generally based on the value of the consideration given in exchange for goods. Except as described below, the principal accounting policies applied in the preparation of these condensed consolidated financial information are consistent with those applied in the preparation of the Group’s consolidated financial statements for the year ended 30 April 2011.

In the current period, the Group has applied the following new and revised standards, amendments and interpretations (“**new and revised IFRSs**”) issued by the IASB and the IFRIC of the IASB.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 July 2011

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

IFRSs (Amendments)	Improvements to IFRSs 2010 except for the amendments to IFRS 3 (Revised in 2008), IFRS 7, IAS 1, and IAS 28
IFRS 1 (Amendments)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
IAS 24 (Revised)	Related Party Disclosures
IFRIC – Interpretations (“Int”) 14 (Amendments)	Prepayments of a Minimum Funding Requirement
IFRIC – Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

## 3. Turnover

	Three months ended 31 July	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Sales of electronic products	991	2,326
	991	2,326

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 July 2011

## 4. Income Tax Expense

	<b>Three months ended 31 July</b>	
	<b>2011</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2010 (Unaudited) HK\$'000
Current tax		
– Hong Kong	–	–
– Other jurisdiction	–	–
Deferred tax credit	–	5,820
	–	5,820

The Company is an exempted company incorporated in the Cayman Islands, as such it is not liable for taxation in the Cayman Islands on its non-Cayman Islands income. No provision for Hong Kong profits tax or tax of other jurisdictions was made as the Group has no assessable profit during the periods.

## 5. Dividend

The Board does not recommend the payment of dividend for the three months ended 31 July 2011 (three months ended 31 July 2010: Nil).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 July 2011

## 6. Loss Per Share

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

	Three months ended 31 July	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company	(4,084)	(35,335)
Weighted average number of ordinary shares in issue	2,882,400	2,402,000

The computation of diluted loss per share is the same as the basic loss per share for the two periods ended 31 July 2011 and 31 July 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 periods was higher than the average market price of the Company's shares.

## 7. Refund of the Earnest Deposit

A written notice was issued to Sino Favour Group Limited ("**Sino Favour**"), a company incorporated in the British Virgin Islands with limited liability, pursuant to the cooperative framework agreement entered into on 15 March 2011 between Sino Favour and Crown Century Investment Limited ("**Crown Century**"), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company (collectively, the "**Cooperative Framework Agreement**"), for termination of the Cooperative Framework Agreement on 21 July 2011 and return of the earnest deposit in the amount of HK\$35,000,000 that was paid by Crown Century to Sino Favour pursuant to the Cooperative Framework Agreement. The earnest deposit of HK\$35,000,000 was duly received on 25 July 2011.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND FINANCIAL REVIEW

### Revenue

During the three months ended 31 July 2011 (the “**Reporting Period**”), the Group recorded a revenue of HK\$991,000, 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 period

The Group recorded a loss of HK\$4,084,000 for the Reporting Period, as compared with a loss of HK\$35,335,000 of the last corresponding period. Save for the decline in revenue, the loss for the Reporting Period was 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

As previously disclosed in the annual report 2011 of the Company, the Board reported its proposed investment in Cheong Tat International Development Limited (“**Cheong Tat**”) by approving the exercise of the conversion rights attached to the convertible bonds issued by Cheong Tat in the principal amount of HK\$35,154,000 (“**Convertible Bonds**”) (collectively, the “**January Conversion**”). Upon completion of the January Conversion, the Company will own approximately 85% of the issued share capital of Cheong Tat as enlarged by the issuance of the conversion shares.

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 headquartered in Chengde City, Hebei Province, the PRC and are principally engaged in the production and sales of instant noodle products and instant soup base, respectively.

Pursuant to the agreement in relation to the subscription of the Convertible Bonds (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 ended 31 December 2011 (the “**Profit Targets**”), then prior to maturity of the Convertible Bonds, the total number of conversion shares of Cheong Tat

## MANAGEMENT DISCUSSION AND ANALYSIS

issued to Megamillion Asia Limited (“**Megamillion**”), an indirect wholly-owned subsidiary of the Company (as the subscriber pursuant to the CB Subscription Agreement) shall be increased to such extent that if exercised in full, the conversion shares shall ultimately represent 99% of the entire equity interest of Cheong Tat as enlarged by such conversion.

Based on the audited accounts of the Operating Companies provided by Cheong Tat, the Profit Targets has not been met. On 9 August 2011, the Board resolved to revise the January Conversion pursuant to the CB Subscription Agreement and request Cheong Tat to issue conversion shares representing 99% of the entire equity interest of Cheong Tat as enlarged by the revised January Conversion to Megamillion (collectively, the “**Proposed Conversion**”).

The Proposed Conversion presents an opportunity to expand into the PRC’s non-fried instant noodles market in which currently a limited number of companies are participating. The 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 Proposed Conversion and the transactions contemplated thereunder will be despatched to the shareholders on or before 31 October 2011.

### Capital Structure

There was no change in the Company’s capital structure during the Reporting Period. The Company’s issued share capital was HK\$2,882,400 and the number of its issued ordinary shares was 2,882,400,000 shares of HK\$0.001 each (the “**Shares**”).

### Significant Investments

As at 31 July 2011, the held-for-trading investments amounted to approximately HK\$9,600,000 (as at 30 April 2011: approximately HK\$17,400,000), the available-for-sale investments amounted to approximately HK\$500,000 (as at 30 April 2011: approximately HK\$500,000) and interest in an associate amounted to approximately HK\$36,837,000 (as at 30 April 2011: approximately HK\$32,965,000).

### Liquidity and Financial Resources

The Reporting Period ended with the net bank balances and cash of HK\$63,595,000 (as at 30 April 2011: HK\$34,915,000) and the net current assets of HK\$167,781,000 (as at 30 April 2011: HK\$169,525,000). The gearing ratio, computed as other borrowings over total equity, stood at Nil at the end of the Reporting Period (as at 30 April 2011: 1.4%).

## Charge on Group's Assets

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

## Advance to Entity

An earnest deposit in the amount of HK\$44,000,000 has been made by Red Bloom Limited (the **“Proposed Purchaser”**), an indirect wholly-owned subsidiary of the Company, to Key Ally Limited (the **“Proposed Vendor”**), a company incorporated in the British Virgin Islands with limited liability, pursuant to the MOU as detailed in the section headed “Prospect and Outlook” below (collectively, the **“Earnest Deposit”**). As the amount of the Earnest Deposit exceeded 8% of the total assets of the Company as defined under Rule 19.07(1) of the GEM Listing Rules, the entering of the MOU constituted an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules. The Proposed Purchaser proposed to invest in the Target Company by making equity investment with controlling interest in the Target Company. Pursuant to the MOU, the Proposed Purchaser shall conduct the due diligence review of the assets, liabilities, operations and affairs of the Target Company and Taiyuan Hanbo within a period of 180 calendar days from the date of signing of the MOU (the **“Exclusivity Period”**) (collectively, the **“DD Review”**). The Proposed Vendor shall supply the Proposed Purchaser with information on, including but not limited to, the financial or business position of the Target Company or any of its subsidiaries or associated companies and information relating to Taiyuan Hanbo. The Guarantor undertakes to guarantee the performance of all obligations of the Proposed Vendor under the MOU.

If the Proposed Purchaser, at its absolute discretion, is not satisfied with the results of the DD Review or decides not to proceed further in relation to the Proposed Investment on or before the expiry of the Exclusivity Period, the Proposed Vendor shall return the Earnest Deposit without any accrued interest to the Proposed Purchaser within 3 business days upon receipt of written notice of dissatisfaction or not to proceed from the Proposed Purchaser. If no Formal Agreement is entered into or if no agreement to extend the Exclusivity Period is reached on or before the expiration of the Exclusivity Period, the MOU shall lapse on the date of expiration of the Exclusivity Period and the Proposed Vendor shall refund the Earnest Deposit without any accrued interest to the Proposed Purchaser within 3 business days thereafter. In the event the Formal Agreement is entered into between the Proposed Purchaser and the Proposed Vendor, the Earnest Deposit shall be applied as a deposit and partial payment of the consideration for the Proposed Investment in accordance with the terms of the Formal Agreement. If the consideration per the Formal Agreement is less than the Earnest Deposit, the Proposed Vendor shall, forthwith upon the signing of the Formal Agreement(s), refund such excess of the Earnest Deposit to the Proposed Purchaser. For further details, please refer to and in the announcement of the Company dated 17 August 2011.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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. It is the Group's corporate strategy to explore other industries with good business potential and growth prospects, including but not limited to the food and beverage industry in the PRC.

To explore into the PRC food and beverage industry, the Group entered into the CB Subscription Agreement with Cheong Tat in November 2010. 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. It is expected that upon completion of the Proposed Conversion, the Group will be largely involved in the business development and branding of the instant food business in the PRC.

On 17 August 2011, the Proposed Purchaser, an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding with two independent third parties; namely, the Proposed Vendor and Mr. Ng Wai Huen (as the guarantor) (the “**MOU**”) in relation to a proposed equity investment with controlling interest in Excel Time Holdings Limited (the “**Target Company**”), a wholly-owned subsidiary of the Proposed Vendor (collectively, the “**Proposed Investment**”). The Target Company is an investment holding company and entered into a framework agreement with various PRC persons in relation to the possible acquisition of interest in 太原市漢波食品工業有限公司 (Taiyuan Hanbo Food Industrial Limited\*) (“**Taiyuan Hanbo**”) on 30 July 2011.

Taiyuan Hanbo is headquartered in Taiyuan City, Shanxi Province, which is principally engaged in the production, processing and sales of traditional Chinese food products made from natural fruits such as jujube and hawthorn fruit. Taiyuan Hanbo has factory facilities situated at Taiyuan City with production capacity of over 10,000 tons per annum. The production process and management system of Taiyuan Hanbo are accredited with various certificates from the China Quality Certification Centre, including ISO9001:2000 for its quality management system, ISO14001:2004 for its environmental management system and HACCP for its food safety control system. The products of Taiyuan Hanbo are distributed under its own registered brand name “Hanbo 漢波” throughout the PRC and exported to overseas countries. Different products of Taiyuan Hanbo has registered invention patent at the State Intellectual Property Office of the PRC and its brand name “Hanbo 漢波” was also recognized as well-known trademark by the State Administration for Industry and Commerce of the PRC.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Proposed Investment may or may not proceed. As mentioned under the section headed “Advance to Entity” above, pursuant to the MOU, the Proposed Purchaser shall conduct the DD Review within the Exclusivity Period and the Earnest Deposit has been paid to the Proposed Vendor by the Proposed Purchaser.

Should the Proposed Investment materialize, it will constitute a notifiable transaction for the Company under the GEM Listing Rules and the Company will make further announcement in compliance with the requirements of the GEM Listing Rules.

The Directors expect the Proposed Investment will allow the Group to further expand its reach in the PRC food industry.

To diversify into the local catering business, Able Wind Limited (榮風有限公司), an indirect wholly-owned subsidiary of the Company, shall commence to operate a Chinese restaurant in Wanchai before the end of September 2011. The restaurant which shall be trading as East Ocean Dragon Seafood Restaurant (東海龍王海鮮酒家) can accommodate up to 250 people and targeted at the high end market.

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.

## OTHER INFORMATION

### Change of Company Name

The proposed change of name of the Company 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” (the “**Change of Company Name**”) was approved by the shareholders of the Company at the extraordinary general meeting held on 31 August 2011 and was registered with the Registrar of Companies in the Cayman Islands. The Company is carrying out the necessary filing procedures of the Change of Company Name in Hong Kong.

The Board believes that the new name better reflects the business development and provides a new corporate image of the Group.

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

As at 31 July 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 and/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	Number of Shares	underlying Shares	Approximate percentage of interests in the Company’s issued share capital	
				Total number of Shares and underlying Shares	
Ms. Chan Lai Kwan Rainbow	Personal	–	1,000,000 (Note 1 & 2)	1,000,000	0.03%
Ms. Wong Yuet May Jeremy	Personal	–	1,000,000 (Note 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%

*Notes:*

1. These underlying Shares represent share options of the Company granted on 11 September 2009 to the directors pursuant to the share option scheme adopted by the Company on 10 June 2003 (the “**Share Option Scheme**”). The share options entitled the holders thereof to subscribe for new Shares at an exercise price of HK\$0.70 per Share during the period from 11 September 2009 to 10 September 2012, subject to the provisions of the Share Option Scheme.
2. Ms. Chan Lai Kwan Rainbow and Ms. Wong Yuet May Jeremy resigned as an executive Director with effect from 1 August 2011 and these unexercised share options lapsed on the same date pursuant to the Share Option Scheme.

Save as disclosed above, as at 31 July 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 and/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 the section headed “Directors’ and Chief Executive’s Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation” above, as at 31 July 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 Reporting Period, 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.



## OTHER INFORMATION

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

As at 31 July 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 (" <b>Upper Run</b> ")	Beneficial Owner	1,019,099,900 (Note 2)	35.36%
Ms. Chan Yuen Fan Winky (" <b>Ms. Winky Chan</b> ")	Interest through controlled corporation	1,019,099,900 (Note 2)	35.36%
Kingston Finance Limited (" <b>Kingston</b> ")	Having a security interest	1,010,000,000 (Note 3 & 4)	35.04%
Ample Cheer Limited (" <b>Ample Cheer</b> ")	Interest through controlled corporation	1,010,000,000 (Note 4)	35.04%
Best Forth Limited (" <b>Best Forth</b> ")	Interest through controlled corporation	1,010,000,000 (Note 4)	35.04%
Mrs. Chu Yuet Wah (" <b>Mrs. Chu</b> ")	Interest through controlled corporation	1,010,000,000 (Note 4)	35.04%

## OTHER INFORMATION

### *Notes:*

1. As at 31 July 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 31 July 2011 which required to be recorded pursuant to Section 336 of SFO.

### **Change in information on Directors**

The change in information on the Directors during the Reporting Period required to be disclosed pursuant to rule 17.50A (1) of the GEM Listing Rule is as follows:

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

### **Competing Interests**

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 during the Reporting Period.

## OTHER INFORMATION

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

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

### **Corporate Governance**

The Company has applied the principles in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules and has complied with the code provisions throughout the Reporting Period except the deviations set out below:

#### **Code Provision A.2.1**

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

During the Reporting Period, 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 (resigned with effect from 1 August 2011)), 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 Reporting Period.

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.4.1**

This code provision stipulated that non-executive directors should be appointed for a specific term, subject to re-election.

The existing non-executive Directors were not appointed for a specific term but subject to retirement by rotation and re-election provisions in accordance with the articles of association of the Company and each of their office may be terminated by either the Company or the non-executive director by giving the other party one-month written notice. As such, the Company considers that there are sufficient measures in place to ensure that the Company has good corporate governance practices.

### **Audit Committee**

The Company has established an audit committee on 10 June 2003 with written terms of reference. The audit committee has three members comprising all 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 and reports and quarterly results announcements and reports and internal control system, and to provide advice and comments thereon to the Board.

The unaudited first quarterly results for the three months ended 31 July 2011 have been reviewed by the members of the audit committee before recommending it to the Board for approval.

By Order of the Board  
**Best Miracle International Limited**  
**Yu Sau Lai**  
*Executive Director*

Hong Kong, 8 September 2011

*As at the date of this report, Ms. Yu Sau Lai, Mr. Chan Fu Kei and Mr. Too Shu Wing as executive Directors; and Mr. Chan Tak Yan, Mr. Orr Joseph Wai Shing and Mr. Lam Raymond Shiu Cheung as independent non-executive Directors.*

\* *For identification purpose only*

# CORPORATE INFORMATION

## **Board of Directors**

### **Executive Directors**

Ms. Yu Sau Lai  
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. Yu Sau Lai

### **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](http://www.bestmiracle.com.hk)

## **Stock Code**

8272