



Best Miracle International Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8272

2010/2011
Interim Report

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*This report, for which the directors (the “**Directors**”) of BEST MIRACLE INTERNATIONAL LIMITED (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 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 for at least 7 days from the date of its publication and the Company's website at www.bestmiracle.com.hk.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Condensed Consolidated Income Statement

For the six months ended 31 October 2010

	Notes	Three months ended 31 October		Six months ended 31 October	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Continuing Operations					
Revenue	3	1,933	3,027	4,259	5,205
Cost of sales		(1,845)	(2,759)	(4,032)	(4,664)
Gross profit		88	268	227	541
Other income	5	2,023	467	4,071	525
Selling and distribution costs		—	(459)	—	(802)
General and administrative expenses		(11,076)	(14,205)	(20,079)	(19,840)
Equity-settled share-based payments		—	(2,816)	—	(2,816)
Change in fair value of financial assets held for trading		(11,091)	(760)	(46,371)	880
Finance costs	6	(68)	—	(157)	—
Share of profit of an associate		151	—	1,181	—
Loss before tax		(19,973)	(17,505)	(61,128)	(21,512)
Income tax expense	7	1,830	—	7,650	—
Loss for the period from continuing operations		(18,143)	(17,505)	(53,478)	(21,512)
Discontinued Operation					
Profit for the period from discontinued operation	8	—	39,325	—	42,145
Profit (loss) for the period, attributable to owners of the Company		(18,143)	21,820	(53,478)	20,633
Earnings (loss) per share	10				
From continuing and discontinued operations					
— basic and diluted (HK cents)		(0.76) cents	0.91 cents	(2.23) cents	0.91 cents
From continuing operations					
— basic and diluted (HK cents)		(0.76) cents	(0.73) cents	(2.23) cents	(0.95) cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 October 2010

	Three months ended 31 October		Six months ended 31 October	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Profit (loss) for the period	(18,143)	21,820	(53,478)	20,633
Other comprehensive income				
Exchange difference arising on translation	705	247	705	424
Total comprehensive income (expenses) for the period	(17,438)	22,067	(52,773)	21,057

Condensed Consolidated Statement of Financial Position

As at 31 October 2010

	Notes	31 October 2010 (Unaudited) HK\$'000	30 April 2010 (Audited) HK\$'000
Non-current assets			
Plant and equipment		10,667	12,426
Interest in an associate		26,731	24,845
Deferred tax asset		7,650	—
		45,048	37,271
Current assets			
Trade receivables	11	1,959	477
Prepayments, deposits and other receivables		6,714	3,905
Loan receivable		—	23,908
Held for trading investment		30,000	79,320
Bank balances and cash		22,249	16,012
		60,922	123,622
Current liabilities			
Accruals and other payables		5,840	4,147
Other borrowing		2,652	6,495
Tax liabilities		9,661	9,661
		18,153	20,303
Net current assets		42,769	103,319
Total assets less current liabilities		87,817	140,590
Capital and reserves			
Share capital		2,402	2,402
Reserves		85,415	138,188
Total equity		87,817	140,590

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 October 2010

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Special 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 2009 (audited)	2,002	20,676	68,088	8,023	928	(85,844)	13,873
Total comprehensive income for the period	—	—	—	—	424	20,633	21,057
Recognition of equity-settled share-based payments	—	—	2,816	—	—	—	2,816
Placing of new shares	400	79,600	—	—	—	—	80,000
Transaction costs attributable to placing of new shares	—	(1,993)	—	—	—	—	(1,993)
Transfer upon disposal of subsidiaries	—	—	—	(8,023)	(1,352)	—	(9,375)
At 31 October 2009 (unaudited)	2,402	98,283	70,904	—	—	(65,211)	106,378
At 1 May 2010 (audited)	2,402	98,283	70,904	—	63	(31,062)	140,590
Total comprehensive income (expenses) for the period	—	—	—	—	705	(53,478)	(52,773)
Transfer upon lapse of share options	—	—	(68,088)	—	—	68,088	—
At 31 October 2010 (unaudited)	2,402	98,283	2,816	—	768	(16,452)	87,817

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 October 2010

	Six months ended 31 October	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Net cash used in operating activities	(16,411)	(28,333)
Net cash from investing activities	26,648	12,996
Net cash from (used in) financing activities	(4,000)	78,007
Net increase in cash and cash equivalents	6,237	62,670
Cash and cash equivalents at beginning of the period	16,012	3,403
Cash and cash equivalents at the end of the period		
Bank balances and cash	22,249	66,073

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 October 2010

1. General Information

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

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

2. Basis of Preparation and Principal Accounting Policies

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

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

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

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

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

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

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

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

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

¹ Effective for annual periods beginning on or after 1 July 2010.

² Effective for annual periods beginning on or after 1 January 2011.

³ Effective for annual periods beginning on or after 1 January 2013.

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

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

3. Revenue

The following is an analysis of the Group's revenue from continuing operations:

	Six months ended 31 October	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Sales of goods	4,259	5,205
	4,259	5,205

4. Segmental Information

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

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

	Sales of apparel		Sales of electronic		Total	
			Six months ended 31 October			
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Revenue						
Sales to external customers	—	5,205	4,259	—	4,259	5,205
Segment results	—	(436)	208	(11)	208	(447)
Unallocated corporate income					3,200	458
Unallocated corporate expenses					(20,036)	(19,609)
Interest income					847	22
Change in fair value of financial assets held for trading					(46,371)	880
Equity-settled share-based payments					—	(2,816)
Finance costs					(157)	—
Share of profit of an associate					1,181	—
Loss before tax					(61,128)	(21,512)

5. Other Income

	Six months ended 31 October	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Continuing operations		
Bank interest income	—	22
Interest income from loan receivable	847	—
Management fee income	650	—
Consultancy fee income	2,550	425
Others	24	78
	4,071	525

6. Finance Costs

	Six months ended 31 October	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Continuing operations		
Interest on other borrowing		
— wholly repayable with 5 years	157	—
	157	—

7. Income Tax Expense

	Six months ended 31 October	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Continuing operations		
Current tax		
— Hong Kong	—	—
— Other jurisdictions	—	—
Deferred tax credit	(7,650)	—
	(7,650)	—

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

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

8. Discontinued Operation

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

8. Discontinued Operation *(continued)*

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

	Six months ended 31 October	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Revenue	—	4,201
Cost of sales	—	—
Gross profit	—	4,201
Other income	—	160
Selling and distribution costs	—	(170)
General and administrative expenses	—	(351)
Profit before tax	—	3,840
Income tax expense	—	(212)
Profit for the period from licensing business	—	3,628
Gain on disposal of licensing business	—	38,517
Profit for the period from licensing business	—	42,145

9. Dividend

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

10. Earnings (Loss) Per Share

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

	Three months ended 31 October		Six months ended 31 October	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
From continuing and discontinued operations				
Profit (loss) for the period attributable to owners of the Company	(18,143)	21,820	(53,478)	20,633
From continuing operations				
Loss for the period from continuing operations	(18,143)	(17,505)	(53,478)	(21,512)
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	2,402,000	2,402,000	2,402,000	2,273,739

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

11. Trade Receivables

The credit terms granted to customers range from 30 to 90 days. The aging analysis of trade receivables is as follows:

	31 October 2010 (Unaudited) HK\$'000	30 April 2010 (Audited) HK\$'000
0 to 30 days	997	—
31 to 60 days	—	254
61 to 90 days	—	223
91 to 120 days	962	—
	1,959	477

12. Comparative Figures

Certain comparative figures have been reclassified to conform with current period's presentation.

BUSINESS REVIEW

Revenue

During the six months ended 31 October 2010 (the “**Reporting Period**”), the Group reported revenue of HK\$4,259,000, a 18% decrease over the same period last year. The contribution was recorded primarily from the sales of electronic products segment.

Profit contribution from an associate

The Group recorded a profit contribution of HK\$1,181,000 from its associate company, Guangdong Zhen Rong Petrochemical Company Limited (“**Zhenrong**”), during the Reporting Period. Zhenrong is involved in the sales of energy-related products in the People’s Republic of China (the “**PRC**”) and has obtained the necessary business licenses and commenced their sales operation during the Reporting Period. The Board remains positive to the prospects of this associate company in contributing to the Group’s overall financial performance.

Loss for the period

The Group recorded a loss of HK\$53,478,000 from continuing operations for the Reporting Period, as compared with a loss of HK\$21,512,000 for the same period last year. The enlarged loss was mainly due to the recognition of the loss in change in fair value of trading investments held. These investments are securities listed on the Hong Kong Stock Exchange. The Board believes that the loss will adjust with the going price of the securities in the future. A profit warning announcement was issued on 16 August 2010.

Subscription of convertible bonds to participate in the PRC’s food industry

In the first quarterly report, the Board reported progress in entering into the heads of terms and the further heads of terms for the possible acquisition of a target group engaged in the instant noodle and the instant soup business in the PRC. On 4 November 2010, Megamillion Asia Limited (“**Megamillion**”), an indirect wholly-owned subsidiary of the Company, materialized the acquisition by entering into a subscription agreement (the “**CB Subscription Agreement**”) with Cheong Tat International Development Limited (“**Cheong Tat**”), a company incorporated in Hong Kong with limited liability, 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. 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 and 承德綠豐生態農業科技發展有限公司 (collectively, the **“Operating Companies”**). The Operating Companies are both headquartered in Chengde City, Hebei Province in the PRC. Details of the subscription were set out in the Company’s announcement dated 4 November 2010.

Loan to Cheong Tat

On 23 November 2010, the Group entered into a loan agreement (the **“First Loan Agreement”**) with Cheong Tat, pursuant to which Megamillion agreed to provide a loan of HK\$63,000,000 to Cheong Tat for a period of 12 months at the interest rate of 4.2% per annum. The First Loan Agreement, when aggregated with the CB Subscription Agreement, will constitute a major transaction of the Company, and will be subject to notification, announcement, publication and shareholders’ approval requirements under the GEM Listing Rules. Upon further negotiation with Cheong Tat, and in consideration of the timing of which the loan can be utilized by Cheong Tat for its commitments and operations, on 29 November 2010, the Group terminated the First Loan Agreement and entered into another loan agreement (the **“Second Loan Agreement”**), pursuant to which Megamillion agreed to provide a loan of HK\$30,000,000 to Cheong Tat for a period of 12 months at the interest rate of 4.2% per annum. The loan amount had been drawn down upon execution of the Second Loan Agreement. Details of the First Loan Agreement were set out in the Company’s announcement dated 23 November 2010. Details of the Second Loan Agreement and termination of the First Loan Agreement were set out in the Company’s announcement dated 29 November 2010.

Conversion of convertible bonds issued by Cheong Tat (the “Conversion”)

It is the present intention of the Group to exercise the right to convert the convertible bonds issued by Cheong Tat, trading in the shares of the Company has been suspended with effect from 9:30 a.m. on 30 November 2010 pending the release of an announcement in relation to the Conversion, which may constitute a very substantial acquisition of the Company.

CAPITAL STRUCTURE

There was no change in the Company's capital structure during the Reporting Period. As at 31 October 2010, the issued share capital of the Company was divided into 2,402,000,000 ordinary shares of HK\$0.001 each (the "**Shares**").

Placing of existing Shares and subscription of new Shares (the "Top-up Placing")

On 8 November 2010, the placing of 480,400,000 existing Shares (the "**Placing**") on behalf of Upper Run Investments Limited ("**Upper Run**") at the price of HK\$0.25 each was completed. On 16 November 2010, the subscription by Upper Run of 480,400,000 new Shares (the "**Subscription**") at the price of HK\$0.25 each was also completed. At the date of this report, the Company has 2,882,400,000 Shares in issue.

LIQUIDITY AND FINANCIAL RESOURCES

The Group ended the Reporting Period with bank balances and cash of HK\$22,249,000 (as at 30 April 2010: HK\$16,012,000), net current assets of HK\$42,769,000 (as at 30 April 2010: HK\$103,319,000), other borrowing of HK\$2,652,000 (as at 30 April 2010: HK\$6,495,000) and gearing ratio of 3% (as at 30 April 2010: 4.6%). In spite of the reduced value in net current assets, the Group remains in sound liquidity.

HUMAN RESOURCES

At 31 October 2010, the Group employed a total of 34 employees, unchanged compared to the last reporting quarter.

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 for the heads of terms, the further heads of terms and the CB Subscription Agreement as disclosed under the BUSINESS REVIEW section of this report, the Group has no imminent plan for material investment or acquisition of capital asset or any incurrence of material contingent liabilities 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 the Group's foreign exchange position and will consider appropriate action should the circumstances change.

PROSPECT AND OUTLOOK

The Group is principally engaged in brand management and acting as a sourcing agent for reputable buyers in different kinds of products. It is the Group's strategy to explore industries with good business potential and growth prospects.

Following the completion of the disposal of D Byford Group on 31 August 2009, the Board has been actively exploring new business opportunities that can leverage the Group's brand management capabilities in high growth industries. On 4 November 2010, the Group entered into the CB Subscription Agreement with Cheong Tat for the acquisition of a target group engaged in the instant noodles and instant soup business in the PRC. The agreement with Cheong Tat represents an opportunity for the Group to participate in the fast expanding food industry, in particular, the convenience food industry, in the mainland. Cheong Tat, via its PRC wholly-owned subsidiary, controls the Operating Companies which are emerging leaders in the healthy convenience food segment with their unique non-fried mixed-grain instant noodles and instant soup base. With rising urbanization and increased health consciousness of the Chinese population, the health food segment is expected to outgrow the food industry as a whole. Industry research indicated a relatively low per capita consumption of instant noodles in China, as compared to other Asian counterparts such as Japan and Korea. Healthy instant noodles as a segment, is well positioned to capitalize this market gap.

The Operating Companies are headquartered in Chengde City, Hebei Province, the PRC.

承德五穀農莊食品有限公司 is principally engaged in the manufacturing and sales of instant noodle products. It specializes in producing non-fried mixed-grain instant noodles. Currently, it distributes and markets its products in Northern and North-Eastern China. As at the end of 2009, it has 5 production lines with an annual production capacity of approximately 600 million packs.

承德綠豐生態農業科技發展有限公司 is principally engaged in the production and sales of instant soup, freeze-dried and air-dried vegetable products. Established in April 2004, it focused initially on freeze-dried and air-dried vegetable products. In 2008, it extended its technology and expanded into the production of instant soup. As at the end of 2009, it has the capacity to produce 60 million packs of instant soup and approximately 18,000 tonnes of freeze-dried and air-dried vegetable products per year.

The Conversion represents an opportunity to expand into and become a dominant player in China's non-fried instant noodles market, given the limited number of companies involved in the sector at the moment. The Group expects to achieve rapid growth over the next few years, riding on its unique position as a non-fried mixed-grain instant noodles producer and the consumers' growing preference for healthier products. The Directors are of the view that the consumer product business is in line with the Group's corporate strategy and is in the interests of the Company and the shareholders as a whole.

The Board would like to thank our business partners and shareholders for their continued support and confidence in our Company. Our vision is to continue to maintain a pragmatic expansion strategy to gain the best return for our investors.

OTHER DISCLOSURES

Subsequent to the Reporting Period, the following events occurred:

Top-up Placing

On 2 November 2010 (after trading hours), the Company entered into an agreement for the Placing and the Subscription (the “**Agreement**”) with Upper Run (the “**Vendor**”) and CCB International Capital Limited (the “**Placing Agent**”), pursuant to which the Placing Agent has agreed to place up to a maximum of 480,400,000 placing Shares at HK\$0.25 each held by the Vendor to not less than six independent placees, on a best-effort basis. Pursuant to the Agreement, the Company agreed to allot and issue and the Vendor agreed to subscribe for 480,400,000 subscription Shares at the subscription price of HK\$0.25 each. The Placing and the Subscription were completed on 8 November 2010 and 16 November 2010, respectively. The net proceeds of approximately HK\$117 million was received, of which approximately HK\$65.2 million was applied towards the possible investment in Cheong Tat as intended and the balance of approximately HK\$51.8 million is deposited in the bank accounts of the Group. Details of the Top-up Placing were disclosed in the Company's announcements dated 3 November 2010 and 16 November 2010, respectively.

Subscription of convertible bonds

Details of the subscription of convertible bonds were disclosed under the BUSINESS REVIEW section of this report and the Company's announcement dated 4 November 2010.

Resignation of Director

Mr. Woo Hing Keung Lawrence resigned as an executive Director and a member of the executive committee of the Company with effect from 10 November 2010. Details of his resignation were disclosed in the Company's announcement dated 10 November 2010.

Loan to Cheong Tat

Details of the loan were disclosed under the BUSINESS REVIEW section of this report and the Company's announcements dated 23 November 2010 and 29 November 2010, respectively.

Conversion of convertible bonds

Information relating to the Conversion was disclosed under the BUSINESS REVIEW section of this report.

Refreshment of general mandate

The Company proposed to refresh the existing general mandate granted to the Directors to allot, issue and deal with 480,400,000 new Shares, being 20% of the then issued share capital of the Company as at the date of the annual general meeting held on 1 September 2010. As the existing general mandate has been fully utilized for the issuance of the subscription Shares on 16 November 2010 pursuant to the Agreement, the Directors proposed to convene an extraordinary general meeting on 28 December 2010 to refresh the existing general mandate. Details of the refreshment of general mandate were disclosed in the Company's circular dated 10 December 2010.

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

As at 31 October 2010, the interests and short positions of the Directors, the chief executive of the Company and their associates in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the ordinary Shares and the underlying Shares of equity derivatives

Name of Director	Nature of interests/holding capacity	Number of Shares	underlying Shares (share options*)	Total number of Shares and underlying Shares	Approximate percentage of interests in the Company's issued share capital
Ms. Chan Lai Kwan Rainbow	Personal	—	1,000,000 (Note 1)	1,000,000	0.04% (Note 4)
Ms. Wong Yuet May Jeremy	Personal	—	1,000,000 (Notes 1 & 2)	1,000,000	0.04% (Note 4)
Mr. Chan Fu Kei	Personal	—	1,000,000 (Note 1)	1,000,000	0.04% (Note 4)
Mr. Woo Hing Keung Lawrence (Note 3)	Personal	1,325,000	1,000,000 (Note 1)	2,325,000	0.10%
Mr. Too Shu Wing	Personal	—	1,000,000 (Note 1)	1,000,000	0.04% (Note 4)

* 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 adopted by the Company on 10 June 2003 (“**Share Option Scheme**”) to subscribe for a total of 1,000,000 Shares at an exercise price of HK\$0.70 per Share. The share options would be exercisable during the period from 11 September 2009 to 10 September 2012.
2. On 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 due to the expiration of the exercise period.
3. Mr. Woo Hing Keung Lawrence resigned as an executive Director with effect from 10 November 2010 (the “**Date of Resignation**”). 1,000,000 share options granted to him lapsed on the Date of Resignation pursuant to the Share Option Scheme.
4. As at the date of this report, the percentage of shareholding has been changed from 0.04% to 0.03% due to the enlarged issued share capital of the Company after completion of the Subscription.

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

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

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

Long positions in the Shares

Name of shareholder	Nature of interests/ holding capacity	No. of Shares	Approximate percentage of interests in the Company's issued share capital
Upper Run	Beneficial owner	1,019,099,900 (Note 1)	42.43% (Note 1)
Ms. Chan Yuen Fan Winky ("Ms. Winky Chan")	Interest through controlled corporation	1,019,099,900 (Note 1)	42.43% (Note 1)
Kingston Finance Limited ("Kingston")	Having a security interest	1,010,000,000 (Notes 2 & 3)	42.04% (Note 2)
Ample Cheer Limited ("Ample Cheer")	Interest through controlled corporation	1,010,000,000 (Notes 2 & 3)	42.04% (Note 2)
Best Forth Limited ("Best Forth")	Interest through controlled corporation	1,010,000,000 (Notes 2 & 3)	42.04% (Note 2)
Mrs. Chu Yuet Wah ("Mrs. Chu")	Interest through controlled corporation	1,010,000,000 (Notes 2 & 3)	42.04% (Note 2)

Notes:

1. These Shares are beneficially owned by Upper Run, a company incorporated in the British Virgin Islands, whose entire issued share capital is wholly and beneficially owned by Ms. Winky Chan. By virtue of the SFO, Ms. Winky Chan is deemed to be interested in the Shares held by Upper Run. As at the date of this report, the percentage of shareholding has been changed from 42.43% to 35.36% due to the enlarged issued share capital of the Company after completion of the Subscription.
2. Out of the 1,019,099,900 Shares held by Upper Run, 1,010,000,000 Shares are charged with Kingston which has a security interest in the 1,010,000,000 Shares owed by Upper Run. As at the date of this report, the percentage of shareholding has been changed from 42.04% to 35.04% due to the enlarged issued share capital of the Company after completion of the Subscription.
3. Kingston is wholly-owned by Ample Cheer which is 80% owned by Best Forth. The entire issued share capital of Best Forth is wholly-owned by Mrs. Chu. By virtue of the SFO, Mrs. Chu is deemed to be interested in the Shares held by Kingston as mentioned in Note 2 above.
4. As at the date of this report, Public Mutual Berhad became one of the substantial shareholders of the Company and is holding 161,430,000 Shares, representing 5.6% of the issued share capital of the Company.

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

OTHER INTERESTS DISCLOSEABLE UNDER THE SFO

Save as disclosed in the paragraphs headed “DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION” and “SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON WITH INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES” above, so far as is known to the Directors as at 31 October 2010, there is no other person who has any interests or short positions in the Shares and underlying Shares that is discloseable under section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme to provide incentive to the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company.

OTHER INFORMATION

During the Reporting Period, detailed movements relating to share options granted under the Share Option Scheme were as follows:

Name or category of participant	Date of grant	Effective exercise price HK\$	Exercise period	Movement of share options (adjusted) during the period				
				As at 01.05.2010	Exercised	Granted	Lapsed	As at 31.10.2010
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	0.708	14.09.2009– 13.09.2012	1,000,000	—	—	—	1,000,000
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. Woo Hing Keung Lawrence	11.09.2009	0.700	11.09.2009– 10.09.2012	1,000,000	—	—	—	1,000,000 (Note)
Mr. Too Shu Wing	11.09.2009	0.700	11.09.2009– 10.09.2012	1,000,000	—	—	—	1,000,000
Total:				47,000,000	—	—	40,000,000	7,000,000

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

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

Mr. Lam Raymond Shiu Cheung, an independent non-executive Director, resigned as an independent non-executive director of ZZNode Technologies Company Limited, a company listed on the main board of the Stock Exchange, on 30 September 2010.

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

Save as disclosed above, as at 31 October 2010, neither the Company, holding company nor any of its subsidiaries was a party to any arrangements 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, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

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

Code provision A.2.1

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

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

Code provision A.4.1

It stipulates that the non-executive directors should be appointed for a specific term, subject to re-election.

The existing independent non-executive Directors were not appointed for a specific term as required under 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 notice in writing.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by directors which is no less exacting than the required standard of dealings of Shares by the directors as set out in rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standard of dealings and its code of conduct regarding directors' securities transactions throughout the Reporting Period.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors, the management shareholders or 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 throughout the Reporting Period.

AUDIT COMMITTEE

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

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

The unaudited interim results for the six months ended 31 October 2010 have been reviewed by the members of the Audit Committee before recommending it to the Board for approval.

BOARD OF DIRECTORS

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

By Order of the Board

Best Miracle International Limited

Chan Lai Kwan Rainbow

Chief Executive Officer and Executive Director

Hong Kong, 10 December 2010

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

Ms. Man Tsz Sai Lavender *ACIS, ACS*

Compliance Officer

Ms. Chan Lai Kwan Rainbow

Audit Committee

Mr. Orr Joseph Wai Shing
(chairman of the audit committee)
Mr. Chan Tak Yan
Mr. Lam Raymond Shiu Cheung

Remuneration Committee

Mr. Chan Tak Yan
(chairman of the remuneration committee)
Mr. Orr Joseph Wai Shing
Mr. Lam Raymond Shiu Cheung

Authorized Representatives

Ms. Chan Lai Kwan Rainbow
Ms. Man Tsz Sai Lavender

Auditors

Messrs. SHINEWING (HK) CPA Limited

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Cayman Islands

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Hong Kong

Principal Share Registrar and Transfer Office

HSBC Trustee (Cayman) Limited
P.O. Box 484
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68 West Bay Road
Grand Cayman KY1-1106
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
18/F., Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

Principal Bankers

Fubon Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited

Website

www.bestmiracle.com.hk

Stock Code

8272