

IMPORTANT

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MIRABELL

MIRABELL INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1179)

Executive Directors:

Tang Wai Lam
Tang Keung Lam
Ng Man Kit, Lawrence
Chung Chun Wah

Non-Executive Directors:

Lee Kwan Hung
Lee Kin Sang[#]
Chan Ka Sing, Tommy[#]

[#] *Independent Non-Executive Director*

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28 June 2004

To Shareholders

Dear Sir or Madam

**PROPOSAL FOR GENERAL MANDATE TO REPURCHASE SHARES AND
TO ISSUE SHARES
AND
AMENDMENTS TO THE ARTICLES OF
ASSOCIATION OF THE COMPANY**

GENERAL MANDATE TO REPURCHASE SHARES

The Directors propose to seek your approval of the ordinary resolution to be proposed at the Annual General Meeting (the "AGM") of the Company to be held at Holiday Inn Golden Mile

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Hong Kong, 50 Nathan Road, Kowloon, Hong Kong on Friday, 6 August 2004 at 10:30 a.m. to give a general mandate to the Directors to exercise the powers of the Company to repurchase at any time until the next Annual General Meeting or such earlier period as stated in the ordinary resolution ordinary shares of HK\$0.10 each of the Company (“Shares”) up to a maximum of 10% of the issued share capital of the Company at the date of the ordinary resolution (the “Repurchase Proposal”).

An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in the appendix hereto.

The ordinary resolution is set out in full in item 5(B) in the notice of the AGM set out on pages 11 to 12 of the annual report accompanied this circular.

GENERAL MANDATE TO ISSUE SHARES

It will also be proposed at the AGM two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company as at the date of the repurchase resolution.

The two ordinary resolutions are set out in full in items 5(A) and 5(C) in the notice of the AGM set out on pages 10 to 12 of the annual report accompanied this circular.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Certain amendments to the Listing Rules came into effect on 31 March 2004. Those amendments include, amongst others, amendments to Appendix 3 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) governing the constitutional documents of a listed issuer. In this connection, the special resolution as set out in the notice of the AGM set out on pages 12 to 21 of the annual report accompanied this circular (“Special Resolution”) is proposed to make amendments to the existing articles of association of the Company (“Articles of Association”) to comply with the requirements of the amended Appendix 3 of the Listing Rules. It is also proposed that certain other amendments as set out in the Special Resolution been made to the Articles of Association to keep the Articles of Association more in line with current market practice. A brief background to the proposed amendments to the Articles of Association is set out as follows:

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| (a) Article 2 | To adopt a definition of “associates”. To amend the definition of “recognised clearing house” by deleting the reference to the repealed Securities and Futures (Clearing Houses) Ordinance and to substitute therefor a general definition. To amend the definition of “subsidiary” in line with the Listing Rules. |
| (b) Articles 6(a), 77 and 80 | To clarify that a member which is a corporation may be represented in meetings by a duly authorised representative. |
| (c) Article 43 | To allow the Company to charge for the issuance of a new certificate to a transferee of shares or to the transferor in respect of any shares retained by him. |

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- (d) Article 80, 81(a) and 83 To clarify that a resolution put to a vote of a general meeting shall be decided on a show of hands unless a poll is taken as required under the Listing Rules or applicable laws, rules or regulations or unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded.
- (e) Article 89 To provide (as required by the amended Appendix 3 of the Listing Rules) that where the Company has actual knowledge that any shareholder who is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.
- (f) Article 96(b) To clarify that a recognised clearing house may appoint proxies.
- (g) Article 107 To provide (consistent with the new requirements in Appendix 3 of the Listing Rules) that, with certain exceptions, a Director shall abstain from voting at the board meeting on a matter not only when, to his knowledge, he has a material interest in it, but also when any of his associates has a material interest in it, and the Director shall not be counted towards the quorum of the relevant board meeting.
- (h) Article 120 To provide (consistent with the new requirements in Appendix 3 of the Listing Rules) that the minimum seven days' period for lodgment by any shareholder of a notice to nominate a Director (other than a retiring Director) and for the lodgment by the nominated person of a notice to indicate his willingness to be elected shall commence no earlier than the day after the despatch of a notice of meeting appointed for such election.

Based on the above, the Directors propose that the existing Articles of Association be amended in the manner as set out in the Special Resolution. The full text of the proposed amendments to the existing Articles of Association are set out in the notice of the AGM set out on pages 12 to 21 of the annual report accompanied this circular.

RECOMMENDATION

The Directors consider that the Repurchase Proposal, the general mandate for Directors to issue new Shares and the proposed amendments to the Articles of Association of the Company are all in the best interest of the Company and its shareholders. Accordingly, the Directors recommend that all shareholders should vote in favour of the ordinary resolutions and the special resolution.

Yours faithfully
Tang Wai Lam
Chairman

This appendix serves as an explanatory statement, as required by the Share Buy Back Rules, to provide requisite information to you for your consideration of the Repurchase Proposal. For this purpose, “shares” is defined in the Share Buy Back Rules to mean shares of all classes and securities which carry a right to subscribe or purchase shares.

1. Share Capital

As at 23 June 2004 (the latest practicable date prior to the printing of this circular), the issued share capital of the Company comprised 254,530,000 Shares of HK\$0.10 each.

Subject to the passing of the ordinary resolutions and on the basis that no further Shares are issued prior to the AGM, the Company would be allowed under the buy back mandate to repurchase a maximum of 25,453,000 Shares.

2. Reasons for Repurchase

Although the Directors have no present intention of repurchasing any existing shares of the Company, the Directors believe that the Repurchase Proposal is in the best interests of the Company and its shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders.

3. Funding of Repurchase

Repurchases would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available for the purpose as well as in accordance with its Memorandum of Association and Articles of Association and the laws of the Cayman Islands. It is envisaged that the funds required for any repurchase would be derived from those funds of the Company, legally permitted to be utilised in this connection, including capital paid up on the Shares to be repurchased, profits otherwise available for distribution and sums standing to either the share premium account or contributed surplus account of the Company.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated accounts contained in the annual report for the year ended 29 February 2004) in the event that the proposed Share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the buy back mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. Share

The highest and lowest prices at which the Shares have traded on The Stock Exchange of Hong Kong Limited (the “Exchange”) during each of the previous twelve months before the printing of this circular were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003 June	1.11	0.80
July	1.34	1.03
August	1.45	1.08
September	1.92	1.46
October	1.60	1.39
November	1.65	1.35
December	1.72	1.46
2004 January	1.79	1.55
February	1.88	1.70
March	1.80	1.68
April	1.80	1.72
May	1.70	1.68

5. Undertaking

The Directors have undertaken to the Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the ordinary resolutions and in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

6. Disclosure of Interests

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention to sell any Shares to the Company under the Repurchase Proposal if such is approved by the shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the shareholders.

7. Hong Kong Codes on Takeovers and Mergers

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Code on Takeovers and Mergers (the “Takeovers Code”). As a result, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the latest practicable date, the controlling shareholders, Mr. Tang Wai Lam, Mr. Tang Keung Lam and their associates together hold 173,100,000 shares of the Company which represent 68.0% of the total issued share capital.

In the event that the Directors exercise the Repurchase Mandate in full, then (if the present shareholdings otherwise remained the same) the shareholdings of the controlling shareholders, Mr. Tang Wai Lam, Mr. Tang Keung Lam and their associates would be increased from 68.0% to 75.6% of the then issued share capital.

The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Proposal. In the event that the Repurchase Proposal is exercised in full, the number of Shares held by the public would fall below 25%. However, the Company has no present intention to repurchase Shares to such extent as to result in the amount of Shares held by the public being reduced to less than 25%.

8. Share Purchase made by the Company

The Company had not purchased any of its Shares (whether on the Exchange or otherwise) in the six months preceding the date of this circular.