

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Mirabell International Holdings Limited** (the "Company"), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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MIRABELL

MIRABELL INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1179)

PROPOSED ADOPTION OF A NEW SHARE OPTION SCHEME

AND

TERMINATION OF THE EXISTING SHARE OPTION SCHEME

A letter from the board of the Company is set out on pages 4 to 8 of this circular. A notice convening an extraordinary general meeting of the Company to be held at 8/F, Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on Wednesday, 29 December 2004 at 10:30 a.m. is set out at the end of this circular. Whether or not you propose to attend the extraordinary general meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in an event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof, should you so wish.

13 December 2004

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Adoption Date”	the date on which the New Scheme is approved and adopted by resolution of the shareholders of the Company;
“associated company”	as such term is defined under financial reporting standards approved by the Hong Kong Institute of Certified Public Accountants;
“associates”	as such term is defined under the Listing Rules;
“Auditors”	the auditors for the time being of the Company;
“Board”	the board of Directors or a duly authorised committee thereof;
“business day”	a day (other than a Saturday or a Sunday) on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities;
“Company”	Mirabell International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange;
“connected person”	as such term is defined under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Existing Scheme”	means the existing share option scheme for the employees and executive directors of the Company and its subsidiaries, which was conditionally adopted by the Company at a general meeting held on 19 November 1996;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on Wednesday, 29 December 2004 at 10:30 a.m. or any adjournment thereof, notice of which is set out at the end of this circular;

DEFINITIONS

“Grantee”	any Participant who accepts an Offer in accordance with the terms of the New Scheme or (where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the original Grantee;
“Group”	the Company and its subsidiaries and associated companies from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	6 December 2004, being the latest practicable date for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Scheme”	the share option scheme of the Company to be proposed for adoption by the Company at the Extraordinary General Meeting, a summary of the principal terms of the rules of which is set out in the Appendix on pages 9 to 20 of this circular;
“Offer”	the offer of the grant of an Option made by the Board in accordance with the New Scheme;
“Offer Date”	in respect of an Offer, the date on which the Offer is made to the Grantee, which must be a Business Day;
“Option”	a right to subscribe for Shares pursuant to the New Scheme;
“Option Period”	a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the New Scheme;

DEFINITIONS

“Participants”	(i) any executive or non-executive directors including independent non-executive directors or any employees (whether full-time or part-time) of the Group; (ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of the Group; (iii) any consultants, professional and other advisers to the Group (or persons, firms or companies proposed to be appointed for providing such services); (iv) any chief executives of the Company; and (v) any associates of director or chief executive of the Company, provided that the Board may have absolute discretion to determine whether or not one falls within the above categories;
“relevant company”	the Company or the relevant subsidiary or associated company of the Company, as the case may be;
“Shareholder(s)”	holder(s) of the Share(s);
“Shares”	shares of HK\$0.10 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option;
“subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong), the Listing Rules or the local companies law, act and/or ordinance where the subject company was incorporated);
“substantial shareholder”	as such term is defined under the Listing Rules; and
“HK\$” and “\$”	Hong Kong dollars, the lawful currency of Hong Kong.

LETTER FROM THE BOARD



MIRABELL

MIRABELL INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1179)

Executive Directors:

Mr. Tang Wai Lam (*Chairman and Managing Director*)

Mr. Tang Keung Lam (*Vice-Chairman and
Deputy Managing Director*)

Mr. Ng Man Kit, Lawrence (*Deputy Managing Director*)

Mr. Chung Chun Wah

Non-Executive Director:

Mr. Lee Kwan Hung

Independent Non-Executive Directors:

Mr. Lee Kin Sang

Mr. Chan Ka Sing, Tommy

Mr. Ng Chun Chuen, David

Registered Office:

Ugland House

South Church Street

P.O. Box 309

George Town, Grand Cayman

Cayman Islands

British West Indies

*Head Office and Principal Place
of Business in Hong Kong:*

8/F, Wyler Centre, Phase II

200 Tai Lin Pai Road

Kwai Chung

New Territories

Hong Kong

13 December 2004

To the Shareholders

PROPOSED ADOPTION OF A NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

Dear Sir or Madam,

INTRODUCTION

The purpose of this circular is to provide you with a summary of the principal terms of the New Scheme and to give you notice of the Extraordinary General Meeting at which an ordinary resolution will be proposed to approve the New Scheme and terminate the Existing Scheme.

ADOPTION OF THE NEW SCHEME AND TERMINATION OF THE EXISTING SCHEME

The Existing Scheme was conditionally adopted by the Company on 19 November 1996. Options for a total of 20,330,000 Shares have been granted under the Existing Scheme, all of which (other than options for 2,000,000 Shares which have been cancelled) have

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been exercised. As at the Latest Practicable Date, there was no outstanding option granted under the Existing Scheme.

In compliance with Chapter 17 of the Listing Rules, the Board proposes that the New Scheme be adopted in replacement of the Existing Scheme, subject to the approval of the Shareholders.

A summary of the principal terms of the proposed New Scheme is set out in the Appendix to this circular.

The purpose of the New Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants for their contributions and/or potential contributions to the Group and for such other purposes as the Board may approve from time to time. The Board considers that it is in line with modern commercial practice that a share option scheme be adopted so that appropriate Participants determined by the Board from time to time on the basis of their contribution or potential contribution to the development and growth of the Group may be given incentives in the form of options to subscribe for Shares. Under the Existing Scheme, options may only be granted to employees (including executive directors) of the Company and its subsidiaries. Adoption of the New Scheme will provide the flexibility of including broader categories of participants in the share option scheme (see the definition of "Participants").

The terms of the New Scheme provide that the Subscription Price is solely determined by the Board (subject to the minimum specified in the New Scheme) and that the Board may when making an Offer impose any conditions, restrictions or limitations in relation to the Option as it may at its absolute discretion think fit. Accordingly, the Board may determine the Subscription Price, any performance targets to be achieved and/or any minimum holding period for the exercise of Options to give incentive to or reward the Participants to serve the purposes of the New Scheme.

The Board considers that it is not appropriate to state the value of all options that can be granted under the New Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the option value have not been determined. Such variables include the exercise price, exercise period, lock up period (if any), performance targets set (if any) and other relevant variables. The Board believes that any calculation of the value of any option which might have been granted on the Latest Practicable Date would be based on a number of speculative assumptions and would therefore not be meaningful but would be misleading to the Shareholders.

Under the New Scheme, the total number of Shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company (excluding, for this purpose, options lapsed in accordance with the terms of the New Scheme and any other share option schemes) must not in aggregate exceed 10% of the Shares in issue at the Adoption Date. The Company may however obtain approval from Shareholders to refresh the said 10% limit, provided that the maximum number of Shares to be issued upon exercise of all outstanding options under

LETTER FROM THE BOARD

the New Scheme and any other share option schemes of the Company must not exceed 30% of the issued share capital of the Company from time to time.

Assuming that there is no change in the issued share capital of 254,530,000 Shares of the Company during the period from the Latest Practicable Date to the Adoption Date, the number of Shares issuable pursuant to the New Scheme on the Adoption Date will be 25,453,000 Shares, being 10% of the Shares in issue at the Adoption Date.

A copy of the proposed New Scheme will be available for inspection at the principal place of business of the Company in Hong Kong at 8/F, Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong during normal business hours on any week day (except public holidays) up to and including the date of the Extraordinary General Meeting and will also be available for inspection at the Extraordinary General Meeting.

CONDITIONS

The New Scheme will become effective subject to:

- (a) the passing by the Shareholders of an ordinary resolution at the Extraordinary General Meeting to approve the adoption of the New Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of options granted under the New Scheme.

APPLICATION FOR LISTING

Application has been made to the Listing Committee of Stock Exchange for the grant of listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of options granted under the New Scheme.

EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be held at 8/F, Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on Wednesday, 29 December 2004 at 10:30 a.m. is set out at the end of this circular. Whether or not you propose to attend the Extraordinary General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in an event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof, should you so wish.

LETTER FROM THE BOARD

PROCEDURE FOR DEMANDING A POLL

Pursuant to Article 80 of the articles of association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required under the Listing Rules or any other 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. A poll may be demanded by:

- (a) the Chairman of the meeting; or
- (b) at least five members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and entitled to vote; or
- (c) any member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (d) any member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider that the adoption of the New Scheme and the termination of the Existing Scheme are in the best interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend you to vote in favour of the resolution set out in the notice of the Extraordinary General Meeting.

LETTER FROM THE BOARD

GENERAL

The translation into Chinese language of this circular is for reference only. In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

Yours faithfully,
By order of the Board
TANG WAI LAM
Chairman

The following is a summary of the principal terms of the New Scheme. It does not form, nor is intended to be, part of the New Scheme and it should not be taken as affecting the interpretation of the rules of the New Scheme. The Directors reserve the right at any time prior to the Extraordinary General Meeting to make such amendments to the New Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspects with the summary in this Appendix:

1. Purpose of the New Scheme

The purpose of the New Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants for their contributions and/or potential contributions to the Group and for such other purposes as the Board may approve from time to time.

2. Who may join

The Board may, at its discretion, invite any Participant to take up Options to subscribe for Shares at a price determined in accordance with paragraph 6 below.

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

3. Conditions

The New Scheme shall take effect subject to the passing of an ordinary resolution approving the adoption of the New Scheme by the Shareholders and authorising the directors of the Company to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the New Scheme, and is conditional upon the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the New Scheme.

4. Duration and Administration

4.1 Subject to the fulfilment of the conditions in paragraph 3 and the termination provisions in paragraph 16, the New Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options will be issued but in all other respects the provisions of the New Scheme shall remain in full force and effect, and Options which are granted during the life of the New Scheme may continue to be exercisable in accordance with their terms of issue.

4.2 The New Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein) shall be final and binding on all parties.

- 4.3 Subject to compliance with the requirements of the Listing Rules and the provisions of the New Scheme, the Board shall have the right (i) to interpret and construe the provisions of the New Scheme; (ii) to determine the persons who will be awarded Options under the New Scheme and the number of Shares to be issued under the Option; (iii) to determine the Subscription Price; (iv) to make such appropriate and equitable adjustments to the terms of Options granted under the New Scheme as it deems necessary; and (v) to make such other decisions, determinations or regulations as it shall deem appropriate in the administration of the New Scheme.

5. Grant of Option

- 5.1 On and subject to the terms of the New Scheme, the Board shall be entitled at any time within 10 years after the Adoption Date to make an Offer on any Business Day to any Participant as the Board may in its absolute discretion select to subscribe for such number of Shares as the Board may (subject to paragraph 9) determine at the Subscription Price.
- 5.2 No Offer shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified by the Company to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Option may be granted.
- 5.3 An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine (the "Offer Letter") requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Scheme and shall remain open for acceptance by the Participant concerned for a period of 28 days from the date upon which the Offer is made, provided that no such Offer shall be open for acceptance after the 10th anniversary from Adoption Date or after the New Scheme has been terminated in accordance with the provisions hereof, whichever is earlier.

- 5.4 An Option shall be deemed to have been accepted by the Grantee when the duplicate of the Offer Letter comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the granting thereof is received by the Company within the period as stipulated in sub-paragraph 5.3 and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect on the Offer Date. Such remittance shall in no circumstances be refundable.
- 5.5 Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within the period and in the manner stipulated in sub-paragraph 5.4, it will be deemed to have been irrevocably declined.
- 5.6 Subject to the provisions of the New Scheme and the Listing Rules, the Board may when making the Offer impose any conditions, restrictions or limitations in relation to the Option as it may at its absolute discretion think fit.

6. Subscription Price

Subject to any adjustments made pursuant to paragraph 11, the Subscription Price in respect of each Share issued pursuant to the exercise of Options granted hereunder shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- (b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the Offer Date; and
- (c) the nominal value of a Share.

7. Exercise of Options

- 7.1 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Option. Any breach of the foregoing of a Grantee shall render all outstanding Option of such Grantee be automatically cancelled in accordance with sub-paragraph 8(f).

- 7.2 Unless otherwise determined by the Board and specified in the Offer Letter at the time of the Offer, there is neither any performance targets that need to be achieved by the Grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised. An Option may be exercised in whole or in part in the manner as set out in the Offer Letter and sub-paragraph 7.3 by the Grantee (or his personal representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised, which, if less than the total number of Shares subject to all Options which may be exercised by the Grantee then, must be in an interval multiple of the board lot for dealing in Shares on the Stock Exchange. Each such notice must be accompanied by a remittance for the full amount of the total Subscription Price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and where appropriate, receipt of the Auditors' certificate pursuant to paragraph 11, the Company shall allot the relevant Shares to the Grantee (or his personal representative(s)) credited as fully paid and issue to the Grantee (or his personal representative(s)) a share certificate in respect of the Shares so allotted.
- 7.3 Subject to as hereinafter provided and subject to the terms and conditions upon which such Option was granted, the Option may be exercised by the Grantee at any time during the Option Period provided that:
- (a) in the event of the Grantee ceases to be a Participant for any reason other than on the Grantee's death or the termination of the Grantee's employment, directorship, office or appointment on one or more of the grounds specified in sub-paragraph 8(d), the Grantee may exercise the Option up to the Grantee's entitlement at the date of cessation (to the extent which has become exercisable and not already exercised) within the period of 3 months (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual working day with the relevant company whether salary is paid in lieu of notice or not, or the last date of office or appointment as director of, as consultant, professional or other advisers to the relevant company, as the case may be, in the event of which, the date of cessation as determined by a resolution of the board of directors or governing body of the relevant company shall be conclusive;
 - (b) in the event the Grantee dies before exercising the Option in full and none of the events which would be a ground for termination of the Grantee's employment, directorship, office or appointment under sub-paragraph 8(d) arises, the personal representative(s) of the Grantee shall be entitled within a period of 6 months or such longer period as the Board may determine from the date of death,

to exercise the Option up to the entitlement of such Grantee at the date of death (to the extent which has become exercisable and not already exercised) or, if appropriate, make an election pursuant to sub-paragraph 7.3(c), (d) or (e);

- (c) if a general offer by way of take-over is made to all the holders of Shares (other than by way of scheme of arrangement pursuant to sub-paragraph 7.3(d)) (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and if such offer becomes or is declared unconditional prior to the expiry of the relevant Option Period, the Grantee (or his personal representative(s)) may by notice in writing to the Company within 21 days of the notice of the offeror exercise the Option (to the extent which has become exercisable on the date of the notice of the offeror and not already exercised) to its full extent or to the extent specified in such notice;
- (d) if a general offer by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Grantee (or his personal representative(s)) may thereafter (but only until such time as shall be notified by the Company, after which it shall lapse) exercise the Option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in such notice;
- (e) if a compromise or arrangement between the Company and its shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies (other than a general offer or a scheme of arrangement contemplated in sub-paragraph 7.3(d)), the Company shall give notice thereof to the Grantee on the same date as it despatches the notice which is sent to each shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the Court, exercise any of his Options (to the extent which has become exercisable and not already exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall

lapse except insofar as previously exercised under the New Scheme. The Company may require the Grantee (or his personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement; and

- (f) in the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it despatches such notice to convene the shareholders' meeting, give notice thereof to all Grantees. Each Grantee (or his legal personal representative(s)) may by notice in writing to the Company (such notice to be received by the Company not later than 2 Business Days prior to the proposed general meeting) exercise the Option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

- 7.4 The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of their allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue.

8. Lapse of Option

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of the periods referred to in sub-paragraph 7.3(a), (b) or (c);

- (c) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph 7.3(d) or (e);
- (d) the date on which the Grantee ceases to be a full-time or part-time employee, director, consultant, professional or other adviser or chief executive of the relevant company by reason of the termination of his employment, directorship, office or appointment on the grounds that he has been guilty of misconduct, or appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has become insolvent, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, in the event of which a resolution of the board of directors or governing body of the relevant company to the effect that the employment, directorship, office or appointment of a Grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph 8(d) shall be conclusive;
- (e) the close of 2 Business Days prior to the general meeting of the Company held for the purpose of approving the voluntary winding-up of the Company or the date of the commencement of the winding-up of the Company;
- (f) the date on which the Grantee commits a breach of sub-paragraph 7.1;
or
- (g) the date on which the Option is cancelled by the Board as provided in paragraph 15.

9. Maximum number of shares available for subscription

9.1 Subject to sub-paragraph 9.2:

- (a) The total number of Shares, which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date, unless the Company obtains an approval from its shareholders pursuant to sub-paragraph 9.1(b). Options lapsed in accordance with the terms of the New Scheme or any other share option schemes will not be counted for the purpose of calculating such 10% limit.
- (b) The Company may seek approval of its shareholders in general meeting for refreshing the 10% limit set out in sub-paragraph 9.1(a) under the New Scheme such that the total number of Shares which may be issued upon exercise of all options to be granted under

the New Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. Options previously granted under the New Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the New Scheme or any other share option schemes or exercised options) will not be counted for the purpose of calculating such limit as refreshed. In such a case, the Company shall send a circular to its shareholders containing the information required under the Listing Rules.

- (c) The Company may seek separate approval by its shareholders in general meeting for granting Options beyond the 10% limit provided the Options in excess of such limit are granted only to Participants specifically identified by the Company before such approval is sought. In such a case, the Company shall send a circular to its shareholders containing, amongst other terms, a generic description of the specified Participant(s) who may be granted such Options, the number of Shares subject to the Options to be granted, the terms of the Options to be granted, the purpose of granting Options to the specified Participant(s), an explanation as to how these Options serve such purpose and such other information as required under the Listing Rules.

- 9.2 Notwithstanding any provision in paragraph 9.1 and subject to paragraph 11, the limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the New Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

10. Maximum entitlement of Shares of each Participant

- 10.1 (a) Subject to sub-paragraphs 10.1(b), the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- (b) Notwithstanding sub-paragraph 10.1(a), where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant under the New Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and

including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the shareholders of the Company in general meeting with such Participant and his associates abstaining from voting.

- (c) In addition to paragraph 9 and sub-paragraphs 10.1(a) and 10.1(b), any grant of Options to a Participant who is a director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive directors of the Company (excluding independent non-executive director who is the Grantee).
- (d) In addition to paragraph 9 and sub-paragraphs 10.1(a) and 10.1(b), where the Board proposes to grant any Option to a Participant who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the New Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) to him in the 12-month period up to and including the date of such grant:
 - (i) representing in aggregate more than 0.1% of the total number of Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such proposed grant of Options must be approved by the shareholders of the Company in general meeting. In such a case, the Company shall send a circular to its shareholders containing all those terms as required under the Listing Rules. All connected persons of the Company must abstain from voting in favour at such general meeting. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll and the applicable requirements of the Listing Rules must be complied with.

- 10.2 Subject to sub-paragraphs 9.1, 9.2 and 10.1, in the event of any alteration in the capital structure of the Company whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company or otherwise howsoever (other than as a result of an issue of Shares as consideration in a transaction), the maximum number of Shares referred to in sub-paragraphs 9.1, 9.2 and 10.1 will be adjusted in such manner as an independent financial adviser or the Auditors (acting as experts and not as arbitrators) shall confirm to the directors of the Company in writing to be fair and reasonable.

11. Reorganisation of capital structure

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, subdivision, consolidation, or reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange excluding any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company is a party, such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or
- (ii) the Subscription Price; and/or
- (iii) the method of exercise of the Option (if applicable),

as an independent financial adviser or the Auditors shall at the request of the Board certify in writing to the directors of the Company, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable and that any such alterations shall satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules and shall give a Grantee the same proportion of the issued share capital of the Company as that to which the Grantee was previously entitled, provided that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the independent financial adviser or the Auditors in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the Auditors shall be borne by the Company.

12. Share Capital

The exercise of any Option shall be subject to the shareholders of the Company in a general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

13. Disputes

Any dispute arising in connection with the New Scheme (whether as to the number of Shares the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Auditors or an independent financial adviser appointed by the Company who shall act as experts and not as arbitrators and whose decision shall be final and binding.

14. Alteration of the New Scheme

14.1 The provisions of the New Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Scheme as to:

- (a) the definitions of “Grantee”, “Option Period” and “Participant”;
- (b) the provisions of the New Scheme described in paragraphs and sub-paragraphs 4.1, 5.1, 5.2, 5.3, 6, 7, 8, 9, 10, 11 and this paragraph 14; and
- (c) all such other matters set out in Rule 17.03 of the Listing Rules,

shall not be altered to the advantage of the Participants except with the prior approval of the shareholders of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the affected Grantees as would be required of the shareholders of the Company under the articles of association for the time being of the Company for a variation of the rights attached to the Shares.

14.2 Any alterations to the terms and conditions of the New Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the shareholders of the Company in general meeting, except where the alterations take effect automatically under the existing terms of the New Scheme.

14.3 The amended terms of the New Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

14.4 Any change to the authority of the directors of the Company or scheme administrators in relation to any alteration to the terms of the New Scheme must be approved by the shareholders of the Company in general meeting.

15. Cancellation of the Options granted

The Board may, with the consent of the relevant Grantee, at any time at its absolute discretion cancel any Option granted but not exercised. Where the Company cancels Options and makes an Offer of the grant of new Options to the same Option holder, the Offer of the grant of such new Options may only be made, under the New Scheme with available Options (to the extent not yet granted and excluding the cancelled Options) within the limit approved by the shareholders of the Company as mentioned in paragraph 9.

16. Termination of the New Scheme

The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Scheme shall remain in full force and effect.

NOTICE OF EXTRAORDINARY GENERAL MEETING



MIRABELL

MIRABELL INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1179)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of MIRABELL INTERNATIONAL HOLDINGS LIMITED (the “Company”) will be held at 8/F, Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on Wednesday, 29 December 2004 at 10:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (A) the share option scheme of the Company (the “New Scheme”), the rules of which are contained in the document marked “A” produced to the meeting and for the purpose of identification signed by a director of the Company, be and is hereby approved and adopted and that the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Scheme, including without limitation:
- (i) to administer the New Scheme under which options will be granted to participants eligible under the New Scheme to subscribe for shares in the capital of the Company (“Shares”);
 - (ii) to modify and/or amend the New Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Scheme relating to modification and/or amendment and in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
 - (iii) to allot, issue and deal with from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Scheme;
 - (iv) to make application at the appropriate time or times to The Stock Exchange of Hong Kong Limited and any other stock exchange upon which the issued Shares of the Company may for the time being be listed for listing of, and permission to deal in, any Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the options under the New Scheme; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (v) to consent, if they so deem fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Scheme; and
- (B) the existing share option scheme of the Company, which was conditionally adopted by the Company at its general meeting on 19 November 1996, be and is hereby terminated with immediate effect.”

By order of the Board
Leung Yiu Fai, Kelvin
Company Secretary

Hong Kong, 13 December 2004

Registered Office:

Ugland House
South Church Street
P.O. Box 309
George Town, Grand Cayman
Cayman Islands
British West Indies

Head Office and Principal Place of Business:

8/F, Wyler Centre, Phase II
200 Tai Lin Pai Road
Kwai Chung
New Territories
Hong Kong

Notes:

1. *A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy needs not be a member of the Company.*
2. *A form of proxy for use at the meeting is enclosed with the circular to shareholders of the Company.*
3. *To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such authority, must be deposited with the Company's Hong Kong branch share registrar, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding of the meeting or adjourned thereof (as the case may be). Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or adjournment thereof and in such event, the instrument appointing the proxy shall be deemed revoked.*
4. *In the case of joint shareholders, the vote of the senior who renders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of other joint shareholder(s) and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.*
5. *The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.*
6. *As at the date of this Notice, the Company's executive directors are Mr Tang Wai Lam, Mr Tang Keung Lam, Mr Ng Man Kit, Lawrence and Mr Chung Chun Wah; independent non-executive directors are Mr Lee Kin Sang and Mr Chan Ka Sing, Tommy and Mr Ng Chun Chuen, David; non-executive director is Mr Lee Kwan Hung.*