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MIRABELL

MIRABELL INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1179)

**DISCLOSEABLE TRANSACTION
GUARANTEE FOR THE BENEFIT OF
LAI WAH FOOTWEAR TRADING LIMITED**

A letter from the board of directors of Mirabell International Holdings Limited is set out on pages 3 to 5 of this circular.

10 March 2005

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DEFINITIONS

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

“Bank”	The Hongkong and Shanghai Banking Corporation Limited
“Best Quality”	Best Quality Investments Limited, a company incorporated in Samoa
“Company”	Mirabell International Holdings Limited
“Directors”	the directors of the Company
“Facility”	the banking facility of HK\$155,000,000 provided by the Bank to Lai Wah
“Facility Letter”	the letter dated 20 September 2004 from the Bank to Lai Wah and countersigned by Lai Wah for the provision of the Facility, as supplemented by the letters dated 25 November 2004 and 7 December 2004 from the Bank to Lai Wah
“Factory”	the factory at Huaning Road, Xinwei Development Area, Dalang, Longhua Baoan, Shenzhen, the People’s Republic of China proposed to be developed by Lai Wah and used for manufacturing of footwear
“Group”	the Company and its subsidiaries
“Guarantee”	a guarantee dated 18 February 2005 given by the Company in favour of the Bank up to a maximum amount of HK\$46,500,000 (plus interest thereon at the rate payable by Lai Wah and any costs of enforcement) to secure 30% of the Facility
“Lai Wah”	Lai Wah Footwear Trading Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Best Quality
“Latest Practicable Date”	3 March 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Market Capitalisation”	the market capitalisation of the Company of approximately HK\$941,761,000 based on the average closing price of the Company’s shares for the five business days immediately preceding the date of the Guarantee
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Staccato”	Staccato Footwear Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Best Quality
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Assets”	the total assets of the Company of HK\$504,894,750 as shown in its unaudited consolidated accounts in its latest published interim report for the six months ended 31 August 2004 after adjustment by the amount of dividend proposed by the Company in such accounts

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

Registered Office:

Ugland House

South Church Street

P.O. Box 309

George Town, Grand Cayman

Cayman Islands

British West Indies

Independent Non-executive Directors:

Mr. Lee Kin Sang

Mr. Chan Ka Sing, Tommy

Mr. Ng Chun Chuen, David

Head Office and Principal Place

of Business:

8/F, Wyler Centre, Phase II

200 Tai Lin Pai Road

Kwai Chung

New Territories

Hong Kong

Non-executive Director:

Mr. Lee Kwan Hung

10 March 2005

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
GUARANTEE FOR THE BENEFIT OF
LAI WAH FOOTWEAR TRADING LIMITED**

1. INTRODUCTION

As stated in the announcement of the Company dated 18 February 2005, the Company entered into the Guarantee, which constituted a discloseable transaction under the Listing Rules. The purpose of this circular is to provide you with further information on the Guarantee.

LETTER FROM THE BOARD

2. THE GUARANTEE

On 18 February 2005, the Company entered into the Guarantee in favour of the Bank in relation to the Facility. Lai Wah is a wholly-owned subsidiary of Best Quality. Ganesh Investments Limited holds a 30% equity interest in Best Quality. Ganesh Investments Limited is wholly owned by Mirabell Group Limited, a direct wholly-owned subsidiary of the Company. Lai Wah is treated as an affiliated company of the Company. The Facility Letter was entered into between the Bank and Lai Wah for the provision of a banking facility of HK\$155,000,000 by the Bank. Pursuant to the Guarantee, a corporate guarantee up to a maximum amount of HK\$46,500,000 (plus interest thereon at the rate payable by Lai Wah and any costs of enforcement) was given by the Company to the Bank to secure 30% of the Facility (i.e. in proportion to the Company's attributable equity interest in Lai Wah). In addition, the Facility is also secured by a corporate guarantee of HK\$155,000,000 given by Best Quality (without recourse to its shareholders), a personal guarantee of HK\$34,100,000 given by Madam Chung Wai Lan, a joint and several guarantee of HK\$74,400,000 given by Mr. Tang Yiu, Ms. Tang Ming Wai Mandy and Mr. Sheng Baijiao and a charge over Lai Wah's 100% equity interests in Lai Zhou Footwear (Shenzhen) Co Ltd (the owner of the Factory development).

The purpose of the Facility is to finance the payment of the land acquisition, the construction costs and the purchase of machineries for the Factory. Construction of the Factory is currently expected to be completed within five years. The Facility is divided into three loans, a land tranche of HK\$35,000,000, a construction tranche of HK\$105,000,000 and a machinery loan of HK\$15,000,000 and carries an interest rate of 1.5% over one month Hong Kong Interbank Money Market Offer Rate (HIBOR) and has a maturity date of five years after the first drawdown date. The principal is repayable by 16 equal quarterly instalments commencing 12 months after the first drawdown. As at the Latest Practicable Date, Lai Wah had not utilized the Facility. The terms of the Facility and the Guarantee were negotiated on an arm's length basis based on the Bank's standard forms and are on normal commercial terms.

The amount of the Guarantee given for the Facility represented approximately 9.2% of the Total Assets and 4.9% of the Market Capitalisation. Accordingly, the provision of the Guarantee constitutes a discloseable transaction of the Company.

3. REASONS FOR AND BENEFITS OF GIVING THE GUARANTEE

The Company has an attributable equity interest of 30% in Lai Wah. The Company has given the Guarantee to the Bank in proportion to its attributable equity interest in Lai Wah to enable Lai Wah to procure the Facility for the development of the Factory. The Factory, when constructed, will expand the production capacity of Lai Wah and the Company's investment in Best Quality is expected to benefit therefrom.

The Directors believe that the terms of the Guarantee are fair and reasonable and in the interests of the shareholders of the Company as a whole.

LETTER FROM THE BOARD

4. FINANCIAL EFFECTS OF THE GUARANTEE

The entering into of the Guarantee does not have any immediate effect on the earnings and assets and liabilities of the Company. However, the Group will be liable to the Bank for up to the amount of the Guarantee if Lai Wah defaults in the Facility. In which case, it is currently expected that the amount of the Guarantee will be funded by internal resources of the Group.

5. INFORMATION ON LAI WAH

Lai Wah is primarily engaged in trading of leather, wholesaling of footwear and investment holding. Lai Wah is wholly-owned by Best Quality, which is in turn owned by Ms. Tang Ming Wai Mandy (through a company wholly-owned by Ms. Tang) as to 31%, the Company (through its subsidiary) as to 30% and four other persons, namely Madam Chung Wai Lan, Mr. Sheng Baijiao, Mr. Chu Tsz Ho and Mr. Lau Ngan Wan, (directly or through wholly-owned companies) as to the remaining 39%. Ms. Tang is a daughter of a cousin of two of the Directors, Mr. Tang Wai Lam and Mr. Tang Keung Lam. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the shareholders of Best Quality (other than the Company) are otherwise third parties independent of the Company and connected persons of the Company.

6. GENERAL

The Group is principally engaged in retailing, wholesaling and manufacturing of footwear.

7. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
Mirabell International Holdings Limited
Tang Wai Lam
Chairman

1. 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 enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the interests of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(i) Long positions in Shares

Name of Director	Number of Shares			Approximate percentage of total issued share capital
	Personal interests	Other interests	Total	
Mr. Tang Wai Lam	6,000,000	130,575,000 <i>(note (i))</i>	136,575,000	53.66%
Mr. Tang Keung Lam	6,000,000	130,575,000 <i>(note (ii))</i>	136,575,000	53.66%
Mr. Ng Man Kit, Lawrence	12,150,000	-	12,150,000	4.77%
Mr. Chung Chun Wah	2,976,000	-	2,976,000	1.17%

Notes:

- (i) Of these 130,575,000 Shares, 8,175,000 Shares were held by Rich Land Property Limited, which was wholly owned by a discretionary trust, the founder of which was Mr. Tang Wai Lam. The other 122,400,000 Shares were held by Tang's Enterprises Limited, which was owned by Rich Land Property Limited, Kinlington Agents Limited and Mosman Associates Limited as to one-third each.
- (ii) Of these 130,575,000 Shares, 8,175,000 Shares were held by Kinlington Agents Limited, which was wholly owned by a discretionary trust, the founder of which was Mr. Tang Keung Lam. The other 122,400,000 Shares represented the same block of Shares held by Tang's Enterprises Limited referred to in note (i) above.

(ii) Long positions in shares of associated corporation

Name of Director	Number of non-voting deferred shares of HK\$100 each in a subsidiary of the Company, Mirabell Footwear Limited, beneficially held personally
Mr. Tang Wai Lam	6,561
Mr. Tang Keung Lam	6,561
Mr. Chung Chun Wah	477

- (b) As at the Latest Practicable Date, so far as was known to the Directors, the persons (other than the Directors) having interests in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Number of Shares			Total	Approximate percentage of total issued share capital
	Beneficial interests	Interest of controlled corporation	Other interests		
Tang's Enterprises Limited (<i>note (vi)</i>)	122,400,000	-	-	122,400,000	48.09%
Rich Land Property Limited (<i>note (vi)</i>)	8,175,000	122,400,000 (<i>note (i)</i>)	-	130,575,000	51.30%
Kinlington Agents Limited (<i>note (vi)</i>)	8,175,000	122,400,000 (<i>note (i)</i>)	-	130,575,000	51.30%
Mosman Associates Limited	8,175,000	122,400,000 (<i>note (i)</i>)	-	130,575,000	51.30%
Madam Tso Lai Kuen	6,000,000	-	130,575,000 (<i>note (ii)</i>)	136,575,000	53.66%
Strath Fiduciaries Limited	-	155,100,000 (<i>note (iii)</i>)	-	155,100,000	60.94%
Value Partners Limited	-	-	15,290,000 (<i>note (iv)</i>)	15,290,000	6.01%
Mr. Cheah Cheng Hye	-	15,290,000 (<i>note (v)</i>)	-	15,290,000	6.01%

Notes:

- (i) These represented the same block of 122,400,000 Shares held by Tang's Enterprises Limited, which was owned by Rich Land Property Limited, Kinlington Agents Limited and Mosman Associates Limited as to one-third each.
- (ii) Of these 130,575,000 Shares, 8,175,000 Shares were held by Mosman Associates Limited, which was wholly owned by a discretionary trust, the founder of which was Madam Tso Lai Kuen. The other 122,400,000 Shares represented the same block of Shares held by Tang's Enterprises Limited.

- (iii) These represented the same block of 122,400,000 Shares held by Tang's Enterprises Limited and the three blocks of Shares of 8,175,000 each beneficially held by Rich Land Property Limited, Kinlington Agents Limited and Mosman Associates Limited respectively plus 8,175,000 Shares beneficially held by Simple Message Limited. Since Rich Land Property Limited, Kinlington Agents Limited, Mosman Associates Limited and Simple Message Limited were wholly owned on trust by Strath Fiduciaries Limited, Strath Fiduciaries Limited was deemed to be interested in the Shares in which those companies were interested or deemed to be interested under the SFO.
 - (iv) These Shares were held by Value Partners Limited in the capacity of investment manager.
 - (v) These represented the same block of Shares held by Value Partners Limited, which was controlled by Mr. Cheah Cheng Hye.
 - (vi) Mr. Tang Wai Lam and Mr. Tang Keung Lam are directors of Tang's Enterprises Limited, Rich Land Property Limited and Kinlington Agents Limited.
- (c) Save as disclosed above, as at the Latest Practicable Date:
- (i) so far as was known to the Directors, none of the Directors or chief executives of the Company had any interest or short positions in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange; and
 - (ii) there was no person known to the Directors who had an interest or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, was, directly or indirectly, interested (other than through the Company) in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group, or any options in respect of such capital.

3. DIRECTORS' INTERESTS IN CONTRACTS

- (a) Mr. Lee Kwan Hung, a non-executive director, is a partner of Woo, Kwan, Lee & Lo, the legal advisers on Hong Kong law in relation to the Guarantee, which firm will receive normal professional fees in connection with the Guarantee.
- (b) As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. LITIGATION

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

5. MISCELLANEOUS

- (a) The Hong Kong branch share registrars and transfer office of the Company is Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (b) Mr. Leung Yiu Fai, Kelvin is the Company Secretary and Qualified Accountant of the Company. He is also the Financial Controller of the Company, and is a Fellow of the Hong Kong Institute of Certified Public Accountants, a Fellow of the Association of Chartered Certified Accountants, UK, a Certified Management Accountant of the Institute of Certified Management Accountants, USA, a Certified Practising Accountant of CPA Australia and a Solicitor of the High Court of Australia.
- (c) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.