MIRABELL INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1179)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2005

RESULTS

The board of directors is pleased to announce the audited consolidated results of Mirabell International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 28 February 2005, together with the comparative figures for the previous year, as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	2005 *HK$'000*	2004 *HK$'000*
Turnover	*3*	**747,839**	645,617
Cost of sales		**(308,713)**	(267,189)
Gross profit		**439,126**	378,428
Other revenue	*3*	**5,182**	5,338
Other operating income		**6,396**	13,100
Distribution and selling costs		**(297,294)**	(260,519)
Administrative expenses		**(86,886)**	(77,479)
Other operating expenses		**(1,186)**	(6,552)
Operating profit	*4*	**65,338**	52,316
Finance costs	*5*	**(1,221)**	(1,200)
Share of profit of an associated company		**23,762**	20,086
Profit before taxation		**87,879**	71,202
Taxation	*6*	**(11,484)**	(5,112)
Profit attributable to shareholders		**76,395**	66,090
Dividends	*7*	**23,162**	19,853
Basic earnings per share	*8*	**30.0 cents**	26.0 cents

CONSOLIDATED BALANCE SHEET

	Note	2005 *HK$'000*	2004 *HK$'000*
Non-current assets			
Intangible assets		**2,000**	4,000
Fixed assets		**130,362**	118,838
Interest in an associated company		**93,339**	76,402
Rental deposits paid		**30,687**	32,771
Non-current deposits		**10,702**	–
Deferred tax assets		**2,486**	3,521
		269,576	235,532
Current assets			
Inventories		**135,022**	104,876
Trade receivables	*9*	**72,228**	41,447
Other receivables, deposits and prepayments		**20,134**	9,353

Taxation recoverable		**1,029**	–
Pledged bank deposits		**–**	10,068
Bank balances and cash		**86,357**	96,135
		314,770	261,879
Current liabilities			
Trade payables	*10*	**52,273**	35,583
Other payables and accrued charges		**58,325**	49,854
Taxation payable		**4,576**	3,294
Short-term bank loans – unsecured		**31,084**	26,105
Short-term bank loans – secured		**–**	6,667
		146,258	121,503
Net current assets		**168,512**	140,376
Total assets less current liabilities		**438,088**	375,908
Financed by:			
Share capital		**25,453**	25,453
Reserves (including final dividend proposed of HK$16,799,000; 29 February 2004: HK$16,035,000)	*11*	**410,437**	348,713
Shareholders' funds		**435,890**	374,166
Non-current liabilities			
Deferred tax liabilities		**2,198**	1,742
		438,088	375,908

Notes:

1. Principal accounting policies

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention except that certain investment properties and other properties are stated at fair value.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the accounts for the year ended 28 February 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

2. Summary of the auditors' report

The auditors have issued an unqualified opinion on the accounts of the Company and the consolidated accounts of the Group for the year ended 28 February 2005.

3. Turnover, revenue and segment information

The Group is principally engaged in retailing, wholesaling and manufacturing of footwear. Revenues recognised during the year are as follows:

	2005	2004
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**747,839**	645,617
Other revenue		
Rental income	**1,375**	2,417
Royalty income	**3,402**	2,429
Interest income	**402**	489
Others	**3**	3
	5,182	5,338
Total revenue	**753,021**	650,955

Geographical segment analysis

The Group's business operates in two main geographical areas, namely the Hong Kong and Macau market, and the Mainland China market.

	Hong Kong and Macau 2005 *HK$'000*	**Mainland China 2005** *HK$'000*	**Total 2005** *HK$'000*
Turnover	**553,192**	**194,647**	**747,839**
Segment results	**36,543**	**28,795**	**65,338**
Finance costs			**(1,221)**
Share of profit of an associated company	**–**	**23,762**	**23,762**
Profit before taxation			**87,879**
Taxation			**(11,484)**
Profit attributable to shareholders			**76,395**
Segment assets	**293,812**	**193,680**	**487,492**
Interest in an associated company	**–**	**93,339**	**93,339**
Taxation recoverable			**1,029**
Deferred tax assets			**2,486**
Total assets			**584,346**
Segment liabilities	**90,400**	**51,282**	**141,682**
Taxation payable			**4,576**
Deferred tax liabilities			**2,198**
Total liabilities			**148,456**
Capital expenditure	**9,885**	**6,637**	**16,522**
Depreciation	**8,842**	**5,332**	**14,174**
Amortisation charge	**2,000**	**–**	**2,000**

	Hong Kong and Macau 2004 *HK$'000*	Mainland China 2004 *HK$'000*	Total 2004 *HK$'000*
Turnover	512,260	133,357	645,617
Segment results	24,561	27,755	52,316
Finance costs			(1,200)
Share of profit of an associated company	–	20,086	20,086
Profit before taxation			71,202
Taxation			(5,112)
Profit attributable to shareholders			66,090
Segment assets	252,836	164,652	417,488
Interest in an associated company	–	76,402	76,402
Deferred tax assets			3,521
Total assets			497,411
Segment liabilities	70,711	47,498	118,209
Taxation payable			3,294
Deferred tax liabilities			1,742
Total liabilities			123,245

Capital expenditure	14,634	8,690	23,324
Depreciation	10,370	2,190	12,560
Amortisation charge	2,000	–	2,000

The Group has only one single business segment which is the sales of footwear through retailing, wholesaling and manufacturing. Accordingly, the segment information for this sole business segment is equivalent to the consolidated figures.

4. Operating profit

	2005	2004
	HK$'000	*HK$'000*
Operating profit is stated after charging/(crediting) the following:		
Depreciation of fixed assets	**14,174**	12,560
Loss on disposal of fixed assets	**99**	1,105
Staff costs (including directors' emoluments)	**112,486**	102,483
Pension costs	**3,660**	3,178
Cost of inventories	**302,366**	268,761
Operating lease rental in respect of land and buildings		
– Fixed rent	**124,221**	138,618
– Contingent rent	**44,822**	14,555
Outgoings in respect of investment properties	**158**	124
Auditors' remuneration	**930**	774
Amortisation of intangible assets (included in administrative expenses)	**2,000**	2,000
Gain on disposal of an investment property	**–**	(320)
Gain on liquidation of a subsidiary	**–**	(727)
Net exchange gains	**(117)**	(685)
Revaluation surplus on other properties	**(1,063)**	(940)
Gain on disposal of trademark#	**–**	(8,241)

\# *On 1 March 2003, Hornet Agents Limited, a wholly-owned subsidiary of the Company, entered into a disposal agreement to dispose of its "teenmix" trademark, which is developed by the Group, to an independent third party at a consideration of HK$8,241,000. The disposal was completed on 3 March 2003.*

5. Finance costs

	2005	2004
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**1,221**	1,200

6. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	2005	2004
	HK$'000	*HK$'000*
Current taxation		
– Hong Kong profits tax	**5,029**	3,749
– Overseas taxation	**3,862**	526
– Overprovisions in prior years	**(2,260)**	(349)
Deferred taxation relating to the origination and reversal of temporary differences	**1,248**	(550)
Deferred taxation resulting from an increase in tax rate	**–**	(250)
	7,879	3,126
Share of taxation attributable to an associated company	**3,605**	1,986
Taxation charge	**11,484**	5,112

7. Dividends

	2005	2004
	HK$'000	*HK$'000*
Interim, paid, of HK2.5 cents (2004: HK1.5 cents) per ordinary share	**6,363**	3,818
Final, proposed, of HK6.6 cents (2004: HK6.3 cents) per ordinary share	**16,799**	16,035
	23,162	19,853

8. Basic earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK$76,395,000 (2004: HK$66,090,000) and the weighted average number of 254,530,000 (2004: 254,530,000) ordinary shares in issue during the year.

There is no diluted earnings per share since the Company has no dilutive potential ordinary share.

9. Trade receivables

Other than cash and credit card sales, the majority of the Group's credit sales is on a credit term of 30-60 days. As at 28 February 2005, the ageing analysis of the trade receivables was as follows:

	2005	2004
	HK$'000	*HK$'000*
0 – 30 days	**68,137**	40,064
31 – 60 days	**1,594**	623
61 – 90 days	**803**	428
Over 90 days	**1,694**	332
	72,228	41,447

10. Trade payables

As at 28 February 2005, the ageing analysis of the trade payables was as follows:

	2005	2004
	HK$'000	*HK$'000*
0 – 30 days	**44,397**	27,669
31 – 60 days	**987**	681
61 – 90 days	**1,210**	886
Over 90 days	**5,679**	6,347
	52,273	35,583

11. Reserves

	Share premium	**Capital redemption reserve**	**Capital reserve**	**Investment properties revaluation reserve**	**Other properties revaluation reserve**	**Cumulative translation reserve**	**Retained earnings**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 March 2004	110,650	380	91	12,072	5,706	89	219,725	348,713
Surplus on revaluation of properties	–	–	–	1,700	6,494	–	–	8,194
Deferred taxation effect on revaluation	–	–	–	(90)	(153)	–	–	(243)
Translation differences arising on translation of the accounts of foreign subsidiaries and an associated company	–	–	–	–	–	(224)	–	(224)
Profit for the year	–	–	–	–	–	–	76,395	76,395
2004 Final dividend paid	–	–	–	–	–	–	(16,035)	(16,035)
2005 Interim dividend paid	–	–	–	–	–	–	(6,363)	(6,363)
As at 28 February 2005	**110,650**	**380**	**91**	**13,682**	**12,047**	**(135)**	**273,722**	**410,437**

Representing:	
2005 Final dividend proposed	16,799
Reserves	393,638
As at 28 February 2005	**410,437**

Company and subsidiaries	110,650	380	91	13,682	12,047	(282)	209,489	346,057
Associated company	–	–	–	–	–	147	64,233	64,380
As at 28 February 2005	**110,650**	**380**	**91**	**13,682**	**12,047**	**(135)**	**273,722**	**410,437**

	Share premium *HK$'000*	**Capital redemption reserve** *HK$'000*	**Capital reserve** *HK$'000*	**Investment properties revaluation reserve** *HK$'000*	**Other properties revaluation reserve** *HK$'000*	**Cumulative translation reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*
As at 1 March 2003	110,650	380	91	11,755	4,615	(20)	168,398	295,869
Surplus on revaluation of properties	–	–	–	300	1,135	–	–	1,435
Deferred taxation effect on revaluation	–	–	–	17	(44)	–	–	(27)
Translation differences arising on translation of the accounts of foreign subsidiaries and an associated company	–	–	–	–	–	109	–	109
Profit for the year	–	–	–	–	–	–	66,090	66,090
2003 Final dividend paid	–	–	–	–	–	–	(10,945)	(10,945)
2004 Interim dividend paid	–	–	–	–	–	–	(3,818)	(3,818)
As at 29 February 2004	110,650	380	91	12,072	5,706	89	219,725	348,713
Representing:								
2004 Final dividend proposed								16,035
Reserves								332,678
As at 29 February 2004								348,713
Company and subsidiaries	110,650	380	91	12,072	5,706	(347)	175,649	304,201
Associated company	–	–	–	–	–	436	44,076	44,512
As at 29 February 2004	110,650	380	91	12,072	5,706	89	219,725	348,713

DIVIDENDS

The board of directors has resolved to recommend a final dividend of HK6.6 cents (2004: HK6.3 cents) per share which, subject to the approval of shareholders, will be paid on Friday, 12 August 2005 to shareholders whose names appear on the Register of Members of the Company on Friday, 5 August 2005. This together with the interim dividend of HK2.5 cents (2004: HK1.5 cents) per share will make a total dividend of HK9.1 cents (2004: HK7.8 cents) per share for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year, the Group recorded a turnover of HK$747.84 million, representing an increase of 15.83%, compared with last year. The audited consolidated profit attributable to shareholders increased by 15.59% to HK$76.40 million.

The Group recorded increases in the contribution from the retail business in Hong Kong, Macau and Mainland China as well as the wholesale business. In addition, the share of profit of an associated company also increased. Accordingly, the consolidated profit attributable to shareholders increased, compared with last year.

The Hong Kong and Macau market

During the year, the local retail environment was full of challenge. On the one hand, the economy of Hong Kong has been rapidly recovering as reflected by the soaring stock and property markets, falling in unemployment rate, increasing in consumer sentiment and the increasing number of the Mainland China visitors, the local retail business has picked up considerably. On the other hand, the local economy recovery has increased operating costs, especially in rental expenses. Nonetheless, the Group recorded a satisfactory operating result as a whole in the local market.

Meanwhile, the wholesale business also achieved a promising result during the year. At present, we are the exclusive footwear distributor of the U.S. brands of Caterpillar, Merrell, Royal Elastics and Sebago in Hong Kong, Macau and Mainland China, the Italian brand of Geox in Hong Kong and Macau, the exclusive footwear, bags and apparel distributor of the U.K. brand of Gola in Hong Kong, Macau and Mainland China, the exclusive footwear distributor of the U.S. brand of Harley-Davidson in Hong Kong as well as the exclusive footwear and apparel distributor of the U.S. brand of K• Swiss in Mainland China.

Compared with last year, the turnover increased by 7.99% to HK$553.19 million, whereas the operating profit increased by 48.78% to HK$36.54 million. At the end of May 2005, the Group operated 104 retail outlets in Hong Kong and Macau under the brands of Mirabell, Joy & Peace, Fiorucci, Inshoesnet and Geox.

The Mainland China market

During the year, the Mainland China retail market was buoyant. The Group captured huge opportunities arising in the Mainland China market and continued to develop the business. As the economy of Mainland China continues to grow and the living standards of residents are raised continuously, the management believes that the room to grow in the retail market is enormous. The Mainland China market offers considerable potential for further retail business expansion.

During the year, the Group actively developed the Mainland China business by opening additional retail outlets and strived for increasing the market share. The management believes that opening more retail outlets would not only boost sales but also allow the Group to achieve the benefits of economies of scale. However, the Group was faced with fierce competition with international footwear players as well as local retailers. Consequently, the management managed vigilantly the existing retail outlets and concurrently reviewed regularly the business expansion plan from time to time.

Compared with last year, the turnover increased by 45.96% to HK$194.65 million, whereas the operating profit increased by 3.75% to HK$28.80 million. At the end of May 2005, the Group operated 133 retail outlets in Shenzhen, Guangzhou, Shanghai, Beijing, Tianjin, Dalian, Chengdu, Chongqing, Zhuhai, Xi'an, Wuhan, Wuxi, Ningbo, Dongguan, Harbin and Shijiazhuang under the brands of Mirabell, Joy & Peace, Innet, Caterpillar, Merrell, K• Swiss and Fiorucci. In addition, there were 63 franchised retail outlets under the brand of Joy & Peace.

Outlook

Given that the economy of Hong Kong has picked up, the local market demand for footwear products is expected to increase. With an increase in consumer sentiment and the ongoing relaxation of travel policy restrictions imposed by the Government of the People's Republic of China for the mainland residents visiting Hong Kong and Macau, the local retail environment has shown a marked improvement. Tourism is expected to get another big boost when Hong Kong Disneyland is opened in September 2005. It is expected that the number of visitors as well as their spending will continue to increase. The management is of the view that the growth momentum of the local retail market will continue. However, as the economy of Hong Kong has recovered, the operating costs particularly rental expenses unavoidably increase. The management will control strictly the increase in operating costs in order to minimize the business risks.

The management is of the view that the wholesale business has a high growth potential in Hong Kong and Mainland China and will make a considerable contribution. The Group expects to obtain more exclusive distribution rights of international footwear brands in the Greater China region.

In addition to the Group's existing exclusive footwear and handbags distribution rights of the Italian brand of Fiorucci in Hong Kong and Macau, we have also obtained the exclusive distribution rights of footwear and handbags in Mainland China and footwear in Taiwan. At the end of May 2005, the Group operated four Fiorucci retail outlets in Mainland China and five in Taiwan. For the purposes of achieving the benefit of economies of scale and in response to the market demand, the management plans to open more Fiorucci retail outlets in the coming year.

In the foreseeable future, the Mainland China market continues to be the Group's major growth driver. The management believes that the economy will be able to sustain a high growth rate in the coming year. In order to increase our presence and market share, the Group plans to further expand the retail network. The Group seeks to accelerate the expansion pace in the Mainland China market by opening retail outlets and in the meantime to develop the wholesale business vigorously in Mainland China.

Looking ahead, the Group will focus on increasing further market share in the highly competitive Hong Kong, Macau and Mainland China markets and is pursuing geographical expansion through entrance to the Taiwan market as well as seeking business opportunities in other Asian countries. The Group plans to increase the retail outlets in Mainland China and Taiwan as a vital part of its growth strategies. The management adopts a proactive approach to the operation and development of the business in order to face the future challenge. The management will continue to strive for improvements in all business areas so as to further increase our competitive advantage in the marketplace. All in all, in light of the positive economic outlook in the Greater China region, the management is cautiously optimistic about the business performance in the coming year.

Liquidity and Financial Resources

Working capital of the Group increased from HK$140.38 million to HK$168.51 million, and the current ratio and quick ratio remained at a steady level of 2.15 and 1.23 times, respectively.

The inventory balance as at 28 February 2005 amounted to HK$135.02 million. Compared with the inventory balance of HK$104.88 million as at 29 February 2004, an increase was recorded. As at 28 February 2005, the Group had bank balances and cash of HK$86.36 million and outstanding bank borrowings of HK$31.08 million. During the year, the Group raised new short-term bank loans of HK$74.00 million for financing of working capital and short-term bank loans of HK$75.69 million were settled.

As at 28 February 2005, the gearing ratio of the Group was 0.07 (2004: 0.09) which was calculated on the Group's total borrowings of HK$31.08 million (2004: HK$32.77 million) and the shareholders' funds of HK$435.89 million (2004: HK$374.17 million).

Treasury Policies

The Group continued to adopt a conservative approach to financial risk management. The Group's borrowings were in Hong Kong dollars and Renminbi and were arranged on a floating rate basis. As at 28 February 2005, the Group had two previously signed foreign exchange contracts with expiry dates in September 2005 and September 2006, respectively to hedge with potential revaluation of Renminbi. Except these two foreign exchange contracts, no other financial instrument has been employed. The Group's treasury management policy is not to engage in any highly leveraged or speculative derivative products.

With low gearing ratio and sound financial position, the management believes that the Group is well placed to avail itself to future expansion and investment opportunities.

Charge on Assets

As at 28 February 2005, the net book values of fixed assets pledged as security amounted to approximately HK$11.80 million (2004: HK$11.10 million).

Contingent Liabilities

As at 28 February 2005, the Group had contingent liabilities amounting to HK$61.80 million (2004: HK$15.30 million) in respect of pro-rated share, in accordance with its interest in an associated company, of guarantees issued for general banking facilities of subsidiaries of the associated company. HK$8.21 million (2004: HK$11.38 million) of these banking facilities were utilised.

Human Resources

As at 28 February 2005, the Group had a total of 1,583 employees. The Group offers a competitive remuneration package to its employees, including insurance and medical benefits. In addition, discretionary bonus may be granted to eligible employees based on the Group's performance and individual performance.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from 29 July 2005 to 5 August 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged 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 no later than 4:00 p.m. on 28 July 2005.

DEALINGS IN THE COMPANY'S LISTED SHARES

The Company did not redeem any of the Company's shares during the year. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's share during the year.

CORPORATE GOVERNANCE

The Code on Corporate Governance Practices replaces the Code of Best Practice and becomes effective for accounting periods commencing on or after 1 January 2005. The Company will report on compliance with the Code on Corporate Governance Practices in its interim report for the 6 months ending 31 August 2005.

Throughout the year, the Company has complied fully with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), save that independent non-executive directors of the Company are not appointed for a fixed term but are subject to the retirement by rotation provisions of the Articles of Association of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed with directors the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters related to the preparation of the 2004/2005 annual report.

PUBLICATION OF ANNUAL REPORT ON THE EXCHANGE'S WEBSITE

The 2004/2005 annual report of the Company containing the information required by paragraph 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange will be released on the website of the Stock Exchange (www.hkex.com.hk) in due course.

By Order of the Board
Tang Wai Lam
Chairman

Hong Kong, 21 June 2005

As at the date of this announcement, 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, Mr Chan Ka Sing, Tommy and Mr Ng Chun Chuen, David; non-executive director is Mr Lee Kwan Hung.

"Please also refer to the published version of this announcement in The Standard."