

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*
Ng Chun Chuen, David*

* *Independent Non-Executive Director*

Registered Office:

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29 June 2005

To Shareholders

Dear Sir or Madam

PROPOSALS FOR GENERAL MANDATE TO REPURCHASE SHARES AND TO ISSUE SHARES AND RE-ELECTION OF DIRECTORS

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

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Golden Mile Hong Kong, 50 Nathan Road, Kowloon, Hong Kong on Friday, 5 August 2005 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) to provide the requisite information of the Repurchase Proposal is set out in Appendix I 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 resolution in relation to repurchase.

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.

RE-ELECTION OF DIRECTORS

The board of directors currently consists of 8 directors, namely Mr Tang Wai Lam, Mr Tang Keung Lam, Mr Ng Man Kit, Lawrence, Mr Chung Chun Wah, Mr Lee Kwan Hung, Mr Lee Kin Sang, Mr Chan Ka Sing, Tommy and Mr Ng Chun Chuen, David.

In accordance with Article 116 of the Articles of Association of the Company, Mr Chung Chun Wah and Mr Chan Ka Sing, Tommy will retire by rotation at the AGM and, being eligible, offer themselves for re-election. Details of the retiring directors who are proposed to be re-elected at the AGM required to be disclosed by the Listing Rules are set out in Appendix II hereto.

The two ordinary resolutions are set out in full in items 3(A) and 3(B) in the notice of the AGM set out on page 10 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 re-election of directors 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.

Yours faithfully
Tang Wai Lam
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Proposal.

1. Share Capital

As at 24 June 2005 (the latest practicable date prior to the printing of this circular, the "Latest Practicable Date"), the issued share capital of the Company comprised 254,530,000 Shares of HK\$0.10 each.

Subject to the passing of the ordinary resolution and on the basis that no further Shares are issued prior to the AGM, the Company would be allowed under the repurchase 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 28 February 2005) 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 repurchase 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 "Stock 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>
2004 June	1.88	1.54
July	2.05	1.80
August	2.25	1.90
September	2.10	1.95
October	2.90	2.08
November	3.70	2.78
December	3.60	3.05
2005 January	3.48	3.08
February	3.75	3.38
March	4.03	3.60
April	3.90	3.60
May	3.68	3.05

5. Undertaking

The Directors have undertaken to the Stock 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 a 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. Code 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 of voting rights 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 (within the meaning of the Takeovers Code), 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, Mr Tang Wai Lam, Mr Tang Keung Lam and persons acting in concert with them together hold more than 68% of the total issued share capital of the Company.

In the event that the Directors exercise the repurchase mandate in full, then (if the present shareholdings otherwise remained the same) the shareholdings of Mr Tang Wai Lam, Mr Tang Keung Lam and persons acting in concert with them would be increased to more than 75% of the then total issued share capital of the Company.

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 mandate is exercised in full, the number of Shares held by the public would fall below 25%. However, the Company would not repurchase Shares to such extent as to cause 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 the Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

The brief biographical particulars of Mr Chung Chun Wah and Mr Chan Ka Sing, Tommy, who will retire from office at the AGM and will offer themselves for re-election are as follows:

Mr Chung Chun Wah, aged 55, was appointed as an executive director of the Company in 1996. He joined the Group in 1990 and is responsible for the merchandising management and product development of the Group. He has over 29 years of experience in the footwear business. Mr Chung is also director of certain subsidiaries of the Group. He did not hold any directorship in other listed public company in the last three years.

Mr Chung is not connected with any other directors, senior management or substantial or controlling shareholders of the Company.

As at 24 June 2005, as recorded in the register required to be kept by the Company under Section 352 of the Securities and Futures Ordinance (the "SFO"), save as holding 2,952,000 shares of HK\$0.10 each of the Company and 477 non-voting deferred shares of HK\$100.00 each of a wholly-owned subsidiary of the Company, Mirabell Footwear Limited, Mr Chung did not have any other interests in shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Mr Chung is subject to retirement by rotation and re-election pursuant to the Articles of Association of the Company. In accordance with the service contract with the Company, his emolument is determined with reference to the Company's performance and profitability, his duties and responsibilities, remuneration benchmark in the industry and prevailing market conditions. For the year ended 28 February 2005, the annual emolument of Mr Chung was HK\$590,722. For the year of 2005/2006, he will be entitled to an annual salary of HK\$542,424, provident fund contributed by the Group and a discretionary bonus.

Mr Chan Ka Sing, Tommy, aged 44, is an independent non-executive director of the Company and joined the board in 1996. He is a practising solicitor admitted by the Supreme Court of Hong Kong and the Supreme Court of England and Wales. He is currently a partner of the solicitors' firm Kwok, Ng & Chan. He has extensive experience in law practising and accountancy. Mr Chan holds a Bachelor degree in Law from Wolverhampton Polytechnic, England and a Diploma of accountancy from Hong Kong Polytechnic. Prior to joining Kwok, Ng & Chan, he worked in various solicitors' firms and held accounting positions in an international accounting firm and an international trading company. He did not hold any directorship in other listed public company in the last three years.

Mr Chan is not connected with any other directors, senior management or substantial or controlling shareholders of the Company.

As at 24 June 2005, as recorded in the register required to be kept by the Company under Section 352 of the SFO, Mr Chan did not have any interests in shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

There is no specific term of service with the Company but Mr Chan is subject to retirement by rotation and re-election pursuant to the Articles of Association of the Company. He was entitled to an annual director's fee of HK\$50,000 for the year ended 28 February 2005. Having authorised by the shareholders of the Company at the AGM, the board of directors will determine the director's fee of Mr Chan with reference to the Company's performance and profitability, his duties and responsibilities, remuneration benchmark in the industry and the prevailing market conditions.