

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
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:

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

Principal Office:

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

30 June 2006

To Shareholders

Dear Sir or Madam

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

IMPORTANT

Golden Mile Hong Kong, 50 Nathan Road, Kowloon, Hong Kong on Friday, 28 July 2006 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 16 to 17 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 14 to 17 of the annual report accompanied this circular.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Appendix 14 of the Listing Rules has been amended by replacing the Code of Best Practice with the Code on Corporate Governance Practices. Subject to certain transitional arrangements, the amendment took effect from 1 January 2005. In addition, certain amendments to the Listing Rules came into effect on 1 March 2006. Those amendments include, amongst others, amendments to Appendix 3 and Part B of Appendix 13 of the Listing Rules governing the constitutional documents of a listed issuer incorporated in the Cayman Islands. In this connection, the special resolution as set out in the notice of the AGM set out on pages 18 to 33 of the annual report accompanied this circular (the “Special Resolution”) is proposed to make amendments to the existing articles of association of the Company (the “Articles of Associations”). Amendments are also proposed to allow the dispatch of summary financial reports and enable the Company to give notices to or otherwise communicate with its shareholders by electronic means. It is also proposed that certain other amendments as set out in the Special Resolution be made to the Articles of Association to keep the Articles of Association more in line with current market practice.

IMPORTANT

A brief background to the proposed amendments to the Articles of Association is set out as follows:

- (a) Article 2 To adopt the definitions of “the Company’s Website”, “electronic” and “Electronic Signature”. To amend the definition of “writing/printing”. To clarify that documents may be executed by electronic means and documents may be in visible form whether having physical substance or not.
- (b) Article 15 To provide that the register of members may be closed on 14 days’ notice being given by, subject to the Listing Rules, electronic communication in the manner in which notices may be served by the Company by electronic means.
- (c) Article 16 To stipulate the time limit for issuance of share certificates in accordance with the Company Law or the Listing Rules and to revise those provisions on the amount payable for new share certificates, replacement of share certificates and registration of instruments of transfer to the effect that such sum shall not exceed the maximum amount as may from time to time be prescribed by the Listing Rules.
- (d) Article 28 To provide that notice of call on shares may be given by, subject to the Listing Rules, electronic communication in the manner in which notices may be served by the Company by electronic means.
- (e) Article 44 To provide that the registration of transfer may be suspended and the register be closed on 14 days’ notice being given by, subject to the Listing Rules, electronic communication in the manner in which notices may be served by the Company by electronic means.
- (f) Article 72 To amend the venue at which members may deposit written requisition for convening an extraordinary general meeting.
- (g) Article 99 To provide (as required by the amended Appendix 14 of the Listing Rules) that all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment.
- (h) Article 106(i) To provide that the office of a director shall be vacated if he resigns by notice in writing to the Company at its registered office or its principal office in Hong Kong.
- (i) Articles 106(vii) and 122 To provide (consistent with the new requirements in Appendices 3 and 13B of the Listing Rules) that directors may be removed at any time by ordinary resolution of the members.

IMPORTANT

- (j) Article 116 To provide (as required by the amended Appendix 14 of the Listing Rules) that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.
- (k) Article 118 To clarify the basis of determination of directors who are to retire at each annual general meeting by rotation pursuant to Article 116.
- (l) Article 158 To provide that the directors may, if permitted by applicable law, authorise the destruction of documents in relation to share registration which have been microfilmed or electronically stored.
- (m) Article 163 To permit the Company to deliver the relevant financial documents and summary financial statement to entitled persons in accordance with the Company Law and other applicable laws, rules and regulations, and to add the provision that the requirement to send such financial documents and summary financial statement shall be deemed satisfied where the Company publishes them on the Company's website.
- (n) Article 167 To permit the Company to serve notice or document, in the English language only, in the Chinese language only or in both, to entitled persons personally, through the post or by means of advertisement in newspapers, electronic communication or publication on the Company's website.
- (o) Article 168 To clarify when a member shall be entitled to have notice served on him at any address within Hong Kong.
- (p) Articles 169 and 172 To clarify when a notice or document is deemed to be served.
- (q) Article 173 To provide that the signature to any notice to be given by the Company may be written or printed by means of facsimile or where relevant by an electronic signature.

Based on the above, the Directors propose that the existing Articles of Association be amended in the manner as set out in the Special Resolution. The full text of the proposed amendments to the existing Articles of Association is set out in the Notice of the AGM set out on pages 18 to 33 of the annual report accompanied this circular.

IMPORTANT

RE-ELECTION OF DIRECTORS

The board of directors currently consists of 7 directors, namely Mr Tang Wai 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 the Articles of Association, Mr Ng Man Kit, Lawrence, Mr Lee Kin Sang and Mr Ng Chun Chuen, David will retire from office 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 three ordinary resolutions are set out in full in items 3(A), 3(B) and 3(C) in the notice of the AGM set out on page 14 of the annual report accompanied this circular.

PROCEDURES FOR AND RIGHTS OF SHAREHOLDERS TO DEMAND A POLL

In accordance with the Articles of Association, 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.

Unless a poll is so required or so demanded and not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Company's book containing the minutes of proceedings of meetings of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

IMPORTANT

RECOMMENDATION

The Directors consider that the Repurchase Proposal, the general mandate for Directors to issue new Shares, the proposed amendments to the Articles of Association 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 and the special resolution.

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 23 June 2006 (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, 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 2006) 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>
2005 June	3.375	2.500
July	2.550	2.175
August	2.500	2.200
September	2.450	2.275
October	2.400	2.300
November	2.300	1.850
December	2.350	2.025
2006 January	2.275	2.025
February	2.100	1.970
March	3.100	2.075
April	3.600	2.850
May	3.200	2.700

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 and persons acting in concert with him together hold more than 64% 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 and persons acting in concert with him would be increased to more than 71% of the then total issued share capital of the Company.

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 Ng Man Kit, Lawrence, Mr Lee Kin Sang and Mr Ng Chun Chuen, David, who will retire from office at the AGM and will, being eligible, offer themselves for re-election, are as follows:

Mr Ng Man Kit, Lawrence, aged 50, is the Deputy Managing Director of the Company. Mr Ng is responsible for the overall strategic planning, retail operation as well as business development of the Group. Before re-joining the board in 2002, he was an executive director of two listed fashion groups and the vice president of a listed trading company in Hong Kong. Mr Ng holds a distinction Diploma in History from the Hong Kong Baptist University and has over 24 years of experience in the retail services industry in Hong Kong. Mr Ng did not act as director of other listed public companies in the last three years.

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

As at 23 June 2006, as recorded in the register required to be kept by the Company under Section 352 of the Securities and Future Ordinance (the "SFO"), save as the beneficial interest in 12,094,000 Shares, and a share option of 2,000,000 unlisted underlying shares granted pursuant to the share option scheme of the Company, Mr Ng 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 Ng is subject to retirement by rotation and re-election pursuant to the Articles of Association of the Company. The emoluments specified in the service contract appointing Mr Ng as Deputy Managing Director of the Company consist of a salary, provident fund contributed by the Group and a discretionary bonus. The salary is determined with reference to his duties and responsibilities, remuneration benchmark in the industry and prevailing market conditions. The discretionary bonus is calculated with reference to the Company's performance and profitability as well as his performance determined by the board of directors. For the year ended 28 February 2006, the emoluments of Mr Ng were HK\$2,237,000. For the year of 2006/07, he will be entitled to an annual salary of HK\$1,439,000, provident fund contributed by the Group and a discretionary bonus.

Save as disclosed above, there are no other matters concerning Mr Ng that need to be brought to the attention of the shareholders nor any information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

Mr Lee Kin Sang, aged 53, is an independent non-executive director of the Company and joined the board in 1996. He has been involved in the jewellery industry for over 30 years and has substantial experience in manufacturing and trading of jewellery. He is a director of several private companies engaged in jewellery manufacturing and trading. Mr Lee presently serves as a director of Hong Kong Jewellery Manufacturers' Association,

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

the Committee Member of Chinese People's Political Consultative Conference (Panyu, Guangzhou) and the chairman of Guangzhou Panyu Jewellers Manufacturing Association. Mr Lee did not act as director of other listed public companies in the last three years.

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

As at 23 June 2006, as recorded in the register required to be kept by the Company under Section 352 of the SFO, save as a share option of 500,000 unlisted underlying shares granted pursuant to the share option scheme of the Company, Mr Lee 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.

There is no specific term of service with the Company but Mr Lee 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\$65,000 for the year ended 28 February 2006. Having authorised by the shareholders of the Company at the AGM, the board of directors will determine the director's fee of Mr Lee with reference to the Company's performance and profitability, his duties and responsibilities, remuneration benchmark in the industry and prevailing market conditions.

Save as disclosed above, there are no other matters concerning Mr Lee that need to be brought to the attention of the shareholders nor any information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

Mr Ng Chun Chuen, David, aged 41, is an independent non-executive director of the Company and joined the board in 2004. Mr Ng is a Fellow of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Association of Chartered Certified Accountants, UK. Mr Ng has extensive experience in auditing, financial management, corporate development, investment and corporate finance. Since October 2001, he has been the Executive Director and Company Secretary of Landune International Limited (formerly known as Singapore Hong Kong Properties Investment Limited), a public company listed on the The Stock Exchange of Hong Kong Limited.

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

As at 23 June 2006, as recorded in the register required to be kept by the Company under Section 352 of the SFO, save as a share option of 250,000 unlisted underlying shares granted pursuant to the share option scheme of the Company, Mr Ng 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.

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

There is no specific term of service with the Company but Mr Ng 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\$65,000 for the year ended 28 February 2006. Having authorised by the shareholders of the Company at the AGM, the board of directors will determine the director's fee of Mr Ng with reference to the Company's performance and profitability, his duties and responsibilities, remuneration benchmark in the industry and prevailing market conditions.

Save as disclosed above, there are no other matters concerning Mr Ng that need to be brought to the attention of the shareholders nor any information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.