



# MIRABELL

## MIRABELL INTERNATIONAL HOLDINGS LIMITED

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1179)**

### ANNOUNCEMENT

The Company has been informed that on 1 September 2006, Belle International issued new shares to a company owned by Mr. Tang Yiu. As a result of the new issue, Best Quality's equity interest in Belle International has been diluted from approximately 20.3% to approximately 17.7%.

Since Best Quality is an associated company of the Company in which the Company holds a 30% equity interest, the Board is of the view that such event warrants the issue of a press announcement pursuant to rule 13.09(1) of the Listing Rules.

#### **INFORMATION ON BEST QUALITY AND THE BELLE GROUP**

Best Quality is owned by Ms. Tang Ming Wai (through a company wholly-owned by her) as to 27%, 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 43%. Ms. Tang is a daughter of Mr. Tang Yiu, who is a cousin of Mr. Tang Wai Lam, a director of the Company. Prior to the issue of new shares referred to below, Belle International was owned as to approximately 20.3% by Best Quality. The Belle Group is primarily engaged in trading of leather, manufacturing, wholesaling and retailing of footwear and investment holding.

#### **ISSUE OF NEW SHARES BY BELLE INTERNATIONAL**

The Company has been informed that on 1 September 2006, Belle International issued new shares to a company owned by Mr. Tang Yiu as consideration for acquisition of another company owned by Mr. Tang Yiu which carries on the business of retailing of sports footwear in the PRC. The Company has also been informed that such acquisition and issue of new shares were the result of commercial negotiations between Belle International and Mr. Tang Yiu based on the financial information as at 30 June 2006 of Belle International and the company being acquired.

#### **FINANCIAL EFFECT ON THE GROUP**

As a result of the new issue of shares, Best Quality's equity interest in Belle International has been diluted from approximately 20.3% to approximately 17.7%. Accordingly, the Company's attributable interest in Belle International has been diluted to approximately 5.3%.

As an associated company of the Company, Best Quality contributed a profit after taxation of approximately HK\$19,713,000 (being approximately 30% of the consolidated profit after taxation of Best Quality, which was in turn substantially contributed by Belle International) to the consolidated profit after taxation of the Company for the year ended 28 February 2006, representing approximately 30% of the consolidated profit after taxation of the Company for that year. Following the new issue of shares by Belle International, Belle International has ceased to be accounted for as an associated company in the consolidated financial statements of Best Quality. Accordingly, the profits or losses of the Belle Group will cease to be equity accounted for in the consolidated financial statements of Best Quality, but any dividends distributed by Belle International to Best Quality in the future will be reflected in the consolidated financial statements of Best Quality, which will in turn be equity

accounted for in the consolidated financial statements of the Company as Best Quality will continue to be an associated company of the Company. As shown in the consolidated balance sheet of Best Quality as at 31 December 2005, Best Quality's investment in Belle International was HK\$163,143,000, which was calculated mainly based on the consolidated net asset value of Belle International. After Belle International has ceased to be an associated company of Best Quality as a result of the new issue of shares, Best Quality's investment in Belle International will be accounted for in Best Quality's consolidated financial statements based on its fair value, which may be different from the consolidated net asset value of Belle International. Any such difference and the gain/loss (if any) in connection therewith will in turn be proportionally reflected in the consolidated financial statements of the Company.

As at 1 September 2006, the Group has given a guarantee amounting to HK\$9,430,000 in relation to the banking facilities granted by a bank to a company in the Belle Group, which represented the Group's then pro-rated share of the guarantee given to the bank in respect of such banking facilities in accordance with its indirect percentage interest in the Belle Group. The Company has been informed that the Belle Group intends to negotiate with the bank to reduce the amount of such guarantee so that it will only represent the Group's indirect percentage interest in the Belle Group after the new issue of shares by Belle International.

The Board considers the above warrants the issue of a press announcement pursuant to rule 13.09(1) of the Listing Rules.

As at the date of this announcement, the Board comprises the following directors:

*Executive directors:*

Mr. Tang Wai Lam  
Mr. Ng Man Kit, Lawrence  
Mr. Chung Chun Wah  
Mr. Leung Kelvin Yiu Fai

*Independent non-executive directors:*

Mr. Lee Kin Sang  
Mr. Chan Ka Sing, Tommy  
Mr. Ng Chun Chuen, David

*Non-executive director:*

Mr. Lee Kwan Hung

**DEFINITIONS**

"Belle Group"	Belle International and its subsidiaries
"Belle International"	Belle International Holdings Limited, a company incorporated in the Cayman Islands
"Best Quality"	Best Quality Investments Limited, a company incorporated in Samoa
"Board"	the board of directors of the Company
"Company"	Mirabell International Holdings Limited
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	People's Republic of China

By Order of the Board  
**Mirabell International Holdings Limited**  
**Tang Wai Lam**  
*Chairman*

Hong Kong, 1 September 2006

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