MIRABELL INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1179)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2006

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Mirabell International Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 August 2006 (the "period under review"), which were reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 31 August	
		2006	2005
	Note	***HK\$'000***	*HK\$'000*
Turnover	*3*	**418,312**	403,410
Cost of sales		**(170,414)**	(163,485)
Gross profit		**247,898**	239,925
Other revenue	*3*	**2,558**	2,144
Distribution and selling costs		**(186,273)**	(167,893)
Administrative expenses		**(50,222)**	(47,058)
Other operating income, net		**1,055**	884
Operating profit	*4*	**15,016**	28,002
Finance costs	*5*	**(1,056)**	(1,072)
Share of profit of an associate	*6*	**57,800**	6,351
Profit before taxation		**71,760**	33,281
Taxation	*7*	**(1,774)**	(3,083)
Profit attributable to equity holders of the Company		**69,986**	30,198
Dividends	*8*	**3,818**	33,089
Basic earnings per share	*9*	**27.5 cents**	11.9 cents
Diluted earnings per share	*9*	**27.5 cents**	11.9 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 31 August 2006** *HK$'000*	Audited 28 February 2006 *HK$'000*
Non-current assets			
Property, plant and equipment		**41,909**	41,251
Investment properties		**53,448**	53,448
Leasehold land and land use rights		**16,700**	17,704
Intangible assets		**10,714**	13,321
Interest in an associate	*6*	**343,429**	59,343
Rental deposits		**31,875**	29,727
Non-current deposits		**10,702**	10,702
Deferred tax assets		**8,612**	7,965
		517,389	233,461
Current assets			
Inventories	*10*	**181,524**	154,148
Trade receivables	*11*	**71,615**	70,231
Other receivables, deposits and prepayments		**31,748**	30,010
Taxation recoverable		**3,445**	1,687
Cash and cash equivalents		**97,806**	114,891
Derivative financial instruments		**–**	80
		386,138	371,047
Current liabilities			
Trade payables	*12*	**55,457**	42,234
Other payables and accrued charges		**50,021**	60,384
Taxation payable		**6,294**	6,565
Short-term bank borrowings		**58,012**	47,817
Derivative financial instruments		**331**	–
		170,115	157,000
Net current assets		**216,023**	214,047
Total assets less current liabilities		**733,412**	447,508
Non-current liabilities			
Other non-current liabilities		**6,889**	8,107
Deferred tax liabilities		**1,510**	1,338
		8,399	9,445
Net assets		**725,013**	438,063
Equity			
Share capital		**25,453**	25,453
Other reserves		**343,347**	112,384
Retained earnings			
– Dividends declared after the balance sheet date	*8*	**3,818**	13,999
– Others		**352,395**	286,227
Total equity		**725,013**	438,063

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Basis of preparation

This unaudited condensed consolidated financial information has been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

This condensed consolidated financial information should be read in conjunction with the 2005/2006 annual financial statements.

2. **Accounting policies**

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 28 February 2006 except for the adoption of amendments to standards and an interpretation which are effective for the year ending 28 February 2007 as set out below:

HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRS Interpretation 4	Determining whether an Arrangement contains a Lease

The adoption of the above amendments to standards and interpretation did not result in substantial changes to the Group's accounting policies.

The Group has not early adopted any new standards, amendments to standards or interpretations that have been issued but are not effective for the year ending 28 February 2007. The Group has already commenced an assessment of their impact but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

3. **Turnover, revenue and segmental information**

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

	Unaudited Six months ended 31 August	
	2006	2005
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**418,312**	403,410
Other revenue		
Royalty income	**1,980**	1,764
Interest income	**576**	378
Others	**2**	2
	2,558	2,144
Total revenue	**420,870**	405,554

The Group has only one single business segment which is the sales of footwear through retailing, wholesaling and manufacturing. Accordingly, no business segmental information is shown.

An analysis of the Group's turnover and contribution to the operating profit by geographical segments is as follows:

	Unaudited Six months ended 31 August 2006			
	Hong Kong and Macau	**Mainland China**	**Taiwan**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Total gross segment sales	**367,984**	**132,847**	**10,380**	**511,211**
Inter-segment sales	**(85,196)**	**(7,703)**	**–**	**(92,899)**
	282,788	**125,144**	**10,380**	**418,312**
Segment results	**10,412**	**7,290**	**(2,686)**	**15,016**

	Unaudited Six months ended 31 August 2005			
	Hong Kong and Macau	Mainland China	Taiwan	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total gross segment sales	394,637	110,765	4,381	509,783
Inter-segment sales	(99,486)	(6,887)	–	(106,373)
	295,151	103,878	4,381	403,410
Segment results	23,639	6,220	(1,857)	28,002

4. **Operating profit**

	Unaudited Six months ended 31 August	
	2006	2005
	HK$'000	*HK$'000*
Operating profit is stated after charging the following:		
Depreciation of property, plant and equipment	**11,064**	8,808
Amortisation of prepaid operating lease payment	**1,003**	1,003
Amortisation of intangible assets		
– included in cost of sales	**2,607**	2,381
– included in administrative expenses	**–**	1,000
Loss on disposal of property, plant and equipment	**206**	39
Loss on disposal of an investment property	**–**	66
Fair value loss on forward foreign exchange contracts	**411**	86
Share options granted to directors and employees *(Note 13)*	**4,042**	–

5. **Finance costs**

	Unaudited Six months ended 31 August 2006 *HK$'000*	2005 *HK$'000*
Interest on bank loans and overdrafts	**1,056**	1,072

6. **Associate**

Best Quality Investments Limited ("Best Quality"), a company incorporated in Samoa, is the Group's associate in which the Group holds 30% interests. The Company has been informed that on 1 September 2006, Belle International Holdings Limited ("Belle International") issued new shares to a company owned by Mr Tang Yiu, who is a cousin of Mr Tang Wai Lam, a director of the Company, as consideration for acquisition of another company owned by Mr Tang Yiu which carries on the business of retailing of sportswear in the PRC. Moreover, 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 by reference to the valuation of Belle International and the company being acquired respectively as at 30 June 2006. Based on the unaudited financial information of Best Quality as at 1 July 2006, the Group's share of Best Quality's deemed gain in connection therewith amounted to approximately HK$33,804,000 which have been reflected in the share of profit of an associate, and the Group's share of Best Quality's investment reserve amounted to approximately HK$226,722,000 which have been reflected in the share of investment reserve of an associate. 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%.

(a) Share of profit of an associate

	Unaudited Six months ended 31 August 2006 *HK$'000*	2005 *HK$'000*
Share of profit	**23,996**	6,351
Share of deemed gain	**33,804**	–
Share of profit of an associate	**57,800**	6,351

(b) Interest in an associate

	Unaudited 31 August 2006 *HK$'000*	Audited 28 February 2006 *HK$'000*
Share of share capital, share premium and retained earnings	**106,307**	48,943
Share of investment reserve	**226,722**	–
Share of net assets	**333,029**	48,943
Goodwill on acquisition of an associate	**10,400**	10,400
Interest in an associate	**343,429**	59,343

As Belle International has ceased to be accounted for as an associate in the consolidated financial statements of Best Quality, the consolidated profits or losses of Belle International cease to be equity accounted for in the consolidated financial statements of Best Quality, but any dividends distributed by Belle International to Best Quality are reflected in the consolidated financial statements of Best Quality, which are in turn equity accounted for in the consolidated financial statements of the Company as Best Quality continues to be an associate of the Company.

7. **Taxation**

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the six months ended 31 August 2006. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the geographical areas in which the Group operates.

	Unaudited Six months ended 31 August 2006 *HK$'000*	2005 *HK$'000*
Current taxation		
– Hong Kong profits tax	**662**	635
– Overseas taxation	**1,587**	2,253
Deferred taxation relating to the origination and reversal of temporary differences	**(475)**	195
Taxation charge	**1,774**	3,083

8. Dividends

(a) Interim and special dividends declared after the balance sheet date of the interim period:

	Unaudited Six months ended 31 August 2006 HK$'000	2005 HK$'000
2006/2007 interim dividend of HK1.5 cents (2005/2006: HK3.0 cents) per ordinary share	**3,818**	7,636
2005/2006 special dividend of HK10.0 cents per ordinary share	**–**	25,453
	3,818	33,089

Dividends declared after the balance sheet date are not reflected as dividends payable in this financial information.

(b) Final dividend in respect of the previous financial year, approved and paid during the interim period:

	Unaudited Six months ended 31 August 2006 HK$'000	2005 HK$'000
2005/2006 final dividend, paid, of HK5.5 cents (2004/2005: HK6.6 cents) per ordinary share	**13,999**	16,799

9. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the Group's unaudited profit attributable to equity holders of HK$69,986,000 (2005: HK$30,198,000) and the weighted average number of 254,530,000 (2005: 254,530,000) ordinary shares in issue during the period under review.

The Company has no dilutive potential ordinary share as the share options granted as disclosed in Note 13 did not have a dilutive effect during the period under review.

10. Inventories

	Unaudited 31 August 2006 HK$'000	Audited 28 February 2006 HK$'000
Raw materials	**3,834**	4,317
Work in progress	**125**	124
Finished goods	**177,565**	149,707
	181,524	154,148

The cost of inventories recognised as expense and included in cost of sales amounted to HK$158,862,000 (2005: HK$162,821,000).

11. 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 31 August 2006, the ageing analysis of the trade receivables was as follows:

	Unaudited 31 August 2006 HK$'000	Audited 28 February 2006 HK$'000
0 – 30 days	**59,130**	68,265
31 – 60 days	**3,109**	1,372
61 – 90 days	**4,252**	149
Over 90 days	**5,124**	445
	71,615	70,231

12. Trade payables

As at 31 August 2006, the ageing analysis of the trade payables was as follows:

	Unaudited 31 August 2006 *HK$'000*	Audited 28 February 2006 *HK$'000*
0 – 30 days	**51,774**	37,668
31 – 60 days	**847**	477
61 – 90 days	**635**	172
Over 90 days	**2,201**	3,917
	55,457	42,234

13. Share option scheme

On 3 April 2006, share options were granted to certain directors and employees of the Group pursuant to the Company's share option scheme, which was approved by the shareholders of the Company on 29 December 2004. As at 31 August 2006, share options with rights to subscribe for a total of 21,300,000 shares of the Company at a subscription price of HK$2.875 per share subject to vesting periods of one, two, three or four years were outstanding. The share options granted shall expire on 2 April 2012 or 2 April 2014.

The fair value of the services received in exchange for the grant of the options is recognised as an expense. The total amounts to be expensed over the respective vesting periods are determined by reference to the fair value of the options granted.

14. Contingent liabilities

As at 31 August 2006, the Group had given a guarantee amounting to HK$9,430,000 (28 February 2006: guarantees amounting to HK$31,330,000) in relation to the banking facilities granted to a subsidiary of Belle International, which represented the Group's pro-rated share of the guarantee given in respect of such banking facilities in accordance with its indirect percentage interest in Belle International. As at 31 August 2006, HK$1,597,000 (28 February 2006: HK$10,636,000) were granted to and utilised by that subsidiary of Belle International. This guarantee has been released as at the reporting date.

MANAGEMENT DISCUSSION AND ANALYSIS

The turnover of the Group increased by 3.69% to HK$418,312,000 whereas the profit attributable to equity holders of the Company increased by 131.76% to HK$69,986,000, compared with the corresponding period last year. During the period under review, in spite of a decrease in the operating profit, a surge in the share of profit of an associate has ultimately led to an increase in the profit attributable to equity holders of the Company.

(a) Hong Kong and Macau market

During the period under review, the Group was faced with unfavourable economic and operating conditions. Interest rate hikes, rising oil price and the World Cup held in June are believed to have affected consumer sentiment. In the meantime, the number of visitors from the Mainland China was less than expected while the rental and salary costs increased. Consequently, the turnover and operating profit of the local retail business dropped, compared with the corresponding period last year.

Because of the keen competition in the marketplace, the wholesale business recorded decreases in the turnover and operating profit during the period under review. 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 the Mainland China; and 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 the Mainland China, and the exclusive footwear distributor of the U.S. brand of Harley-Davidson in Hong Kong.

The turnover decreased 4.19% to HK$282,788,000 whereas the operating profit decreased 55.95% to HK$10,412,000 in the Hong Kong and Macau market. At the end of October 2006, the Group operated 104 retail outlets in Hong Kong and Macau under the brands of Mirabell, Joy & Peace, Fiorucci, Inshoesnet and Geox.

(b) Mainland China market

During the period under review, the business of the Group is well-positioned to benefit from the Mainland China's continued growing economy. With a view to focusing on existing store performance improvement, the Group slightly slowed down its store expansion pace. The management maintained a very tight cost control in order to increase the operating profit and placed the greatest effort to strengthen the Group's competitiveness in the marketplace. The turnover increased 20.47% to HK$125,144,000 whereas the operating profit increased 17.20% to HK$7,290,000 in the Mainland China market.

The Group has been actively developing the Mainland China market for years and has established 179 retail outlets at the end of October 2006 located in Shenzhen, Guangzhou, Shanghai, Beijing, Tianjin, Dalian, Chengdu, Chongqing, Zhuhai, Xi'an, Wuhan, Wuxi, Dongguan, Harbin, Shijiazhuang, Panyu and Shenyang under the brands of Mirabell, Joy & Peace, Innet, Caterpillar, Merrell, Fiorucci and Kokopelli. In addition, there were 80 franchised retail outlets under the brand of Joy & Peace.

(c) Taiwan market

During the period under review, notwithstanding the turnover increased 136.93% to HK$10,380,000, market conditions were extremely tough and worsened by the weak consumer sentiment, an operating loss of HK$2,686,000 was recorded in the Taiwan market. At the end of October 2006, the Group operated 17 retail outlets under the brand of Fiorucci in Taiwan.

(d) Associate of the Group

Best Quality Investments Limited ("Best Quality"), a company incorporated in Samoa, is the Group's associate in which the Group holds 30% interests. During the period under review, the share of profit of an associate greatly increased to HK$57,800,000.

(e) Prospects

The decrease in unemployment rate together with increases in salaries and consumer purchasing power are favourable to our business in the local market. The number of visitors from the Mainland China continues to grow steadily although the growth rate is not as significant as that of last year. In fact, a lot of visitors from Mainland China travel to Hong Kong and Macau throughout the year instead of coming mainly in long holidays. The management is of the view that the recovery of the local economy will sustain to propel future growth in our business.

While consolidating our business in Hong Kong and Macau, we will increase our penetration in the Mainland China market. The Group will continue to pursue the progressive expansion plan into the Mainland China market aiming at exploding market potential from sustained economic growth momentum. The management will adopt pragmatic expansion strategies at a manageable pace of growth. The Mainland China business is anticipated to have a forward leap in the near future.

We are confident that our various merchandising and branding initiatives will help differentiate our brands from the competitors and increase our competitive advantage. The footwear products of Kokopelli, which is a self-developed brand, have been sold in the Mirabell retail outlets in Hong Kong, Macau and the Mainland China for a long time. In September 2006, the first stand alone Kokopelli retail store was opened in Guangzhou. The initial market response is encouraging. After having established solid market recognition and brand awareness, the management will embark on opening new Kokopelli stores in the Mainland China.

The economy in Taiwan continues to be sluggish. As the outlook for the market remains uncertain, the management will pay full attention to the existing store performance improvement in the near future.

In order to provide a solid foothold for further business expansion, the management is placing more emphasis on product development, marketing and securing exclusive distribution rights for international brands to build a stronger product portfolio. In the meantime, for the purposes of building up effective and efficient information systems with the capability to manage lots of business information and to response to ever-increasing customer demand and market competition, the Group is planning to upgrade the IT infrastructure in order to further improve our operations, merchandising and inventory management.

Although the Group is faced with a highly competitive business environment, the management is cautious yet optimistic about the performance of the Group in the second half of the year.

DEALINGS IN THE COMPANY'S LISTED SHARES

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

CORPORATE GOVERNANCE

The Company is committed to building and maintaining high standards of corporate governance. The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with certain deviations as mentioned below, throughout the period under review.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Both roles of the Company are at present performed by Mr Tang Wai Lam holding the positions of Chairman and Managing Director. The Board believes that such appointment has served and is serving the Group well by providing unified leadership and direction and allowing corporate strategies to be developed and implemented more effectively. There is a strong independent element on the Board, which can exercise independent judgment and ensure a balance of power and authority. Throughout the period under review, independent non-executive directors represent more than one-third of the Board and executive directors do not comprise a majority of the Board.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Details of the deviations were set out in the Corporate Governance Report of the 2005/2006 Annual Report. To ensure stricter compliance with the CG Code, relevant amendments to the Articles of Association were proposed to and approved by shareholders at the Annual General Meeting held on 28 July 2006 (the "2006 AGM"). Following shareholders' resolution passed at the 2006 AGM and the effectiveness of the amendments to the Articles of Association, save as the term of appointment of non-executive directors, the Company fully complies with Code Provisions A.4.1 and A.4.2.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Following a specific enquiry, each of the directors confirmed that he complied with the code of conduct regarding directors' securities transactions throughout the period under review.

AUDIT COMMITTEE

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the group audit. It also reviews the effectiveness of the external audit and of internal control and risk evaluation. The Audit Committee comprises three independent non-executive directors, namely Mr Lee Kin Sang, Mr Chan Ka Sing, Tommy and Mr Ng Chun Chuen, David, none of them is a former partner of the Company's existing auditing firm. Two meetings were held during the period under review.

The Audit Committee has reviewed with directors the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial information for the six months ended 31 August 2006. It has also reviewed the compliance with the CG Code by the Company.

REMUNERATION COMMITTEE

The Remuneration Committee makes recommendations to the Board on the policy and structure of the Company for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee comprises three independent non-executive directors, namely Mr Chan Ka Sing, Tommy, Mr Lee Kin Sang and Mr Ng Chun Chuen, David and an executive director, namely Mr Tang Wai Lam. One meeting was held during the period under review.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend in respect of the financial year ending 28 February 2007 of HK1.5 cents (2006: HK3.0 cents) per ordinary share. The interim dividend will be paid on 18 December 2006 to members whose names appear on the Register of Members of the Company on 11 December 2006.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from 7 December 2006 to 11 December 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim 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 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 6 December 2006.

On behalf of the Board
TANG WAI LAM
Chairman

Hong Kong, 21 November 2006

As at the date of this announcement, the Company's executive directors are Mr Tang Wai Lam, Mr Ng Man Kit, Lawrence, Mr Chung Chun Wah and Mr Leung Kelvin Yiu Fai; 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."