

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Mirabell International Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**MIRABELL**

**MIRABELL INTERNATIONAL HOLDINGS LIMITED**

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

**(Stock Code: 1179)**

**DISCLOSEABLE TRANSACTION**

**DISPOSAL OF SUBSIDIARY HOLDING PROPERTY IN SHENZHEN**

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9 January 2008

# CONTENTS

	<i>Page</i>
<b>DEFINITIONS .....</b>	<b>1</b>
<b>LETTER FROM THE BOARD</b>	
Introduction .....	2
The Preliminary Agreement .....	3
Reasons for and benefits of the transaction .....	4
Financial effects of the transaction .....	5
General .....	5
Additional information .....	5
<b>APPENDIX – GENERAL INFORMATION .....</b>	<b>6</b>

## DEFINITIONS

*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Board”	the board of directors of the Company
“Company”	Mirabell International Holdings Limited
“Directors”	the directors of the Company
“Fast Grow”	Fast Grow Limited, a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	4 January 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Preliminary Agreement”	the preliminary agreement dated 24 December 2007 between the Vendor and the Purchaser in relation to the sale and purchase of shares in Fast Grow
“Property”	Units 101, 102 and 103, 1st Level, East Block, International Commercial Building, Jiabin Road, Luohu District, Shenzhen, Guangdong Province, People’s Republic of China
“Purchaser”	Swanworld Limited, a company incorporated in the British Virgin Islands with limited liability
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Transfer Agreement”	the detailed agreement to be entered into between the Vendor and the Purchaser pursuant to the Preliminary Agreement
“Vendor”	Mirabell Group Limited, a company incorporated in the British Virgin Islands with limited liability

## LETTER FROM THE BOARD



# MIRABELL

## MIRABELL INTERNATIONAL HOLDINGS LIMITED

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

**(Stock Code: 1179)**

*Executive Directors:*

Mr. Tang Wai Lam

*(Chairman and Managing Director)*

Mr. Ng Man Kit, Lawrence

*(Deputy Managing Director)*

Mr. Chung Chun Wah

Mr. Leung Kelvin Yiu Fai

*Registered Office:*

Ugland House

South Church Street

P.O. Box 309

George Town, Grand Cayman

Cayman Islands

British West Indies

*Independent Non-executive Directors:*

Mr. Lee Kin Sang

Mr. Chan Ka Sing, Tommy

Mr. Ng Chun Chuen, David

*Head Office and Principal Place  
of Business:*

8/F, Wyler Centre, Phase II

200 Tai Lin Pai Road

Kwai Chung

New Territories

Hong Kong

*Non-executive Director:*

Mr. Lee Kwan Hung

9 January 2008

*To the Shareholders*

Dear Sir or Madam,

### DISCLOSEABLE TRANSACTION

#### DISPOSAL OF SUBSIDIARY HOLDING PROPERTY IN SHENZHEN

#### INTRODUCTION

The Company announced on 24 December 2007 that the Vendor, a wholly-owned subsidiary of the Company, entered into the Preliminary Agreement with the Purchaser under which the Vendor has agreed to sell all the issued shares in Fast Grow (being a wholly-owned subsidiary of the Vendor which owns the Property), and procure the assignment of the shareholders' loan due from Fast Grow to the Group, to the Purchaser. The Preliminary Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company under the Listing Rules. The purpose of this circular is to provide you with further information on the Preliminary Agreement.

## LETTER FROM THE BOARD

### THE PRELIMINARY AGREEMENT

#### Date

24 December 2007

#### Parties

Vendor: The Vendor, a wholly-owned subsidiary of the Company

Purchaser: The Purchaser

The Purchaser is principally engaged in investment holdings. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

#### Assets to be disposed of

The Vendor has agreed to sell all the issued shares in Fast Grow, a wholly-owned subsidiary of the Vendor, and procure the assignment of the shareholders' loan due from Fast Grow to the Group, to the Purchaser. The shareholders' loan was advanced to Fast Grow to enable Fast Grow to acquire the Property.

Fast Grow is a property holding company and its principal asset is the Property. The Property was acquired by the Group in 2002. The gross rental income received in respect of the Property for the financial years ended 28 February 2006 and 28 February 2007 were approximately HK\$1,860,000 and approximately HK\$1,884,000 respectively. The whole of the Property is currently being rented out to a bank.

The net asset value of Fast Grow and the net amount due from Fast Grow to the Group as at 28 February 2007 were approximately HK\$34,556,000 and approximately HK\$39,002,000 respectively. For the financial years ended 28 February 2006 and 28 February 2007, the net profits before taxation and extraordinary items of Fast Grow were approximately HK\$1,656,000 and approximately HK\$5,285,000 respectively. For the financial years ended 28 February 2006 and 28 February 2007, the net profits after taxation and extraordinary items of Fast Grow were approximately HK\$1,470,000 and approximately HK\$4,717,000 respectively.

#### Consideration

The consideration is equivalent to the net asset value of Fast Grow (being approximately HK\$34,556,000 as at 28 February 2007) (a) plus the amount of shareholder's loan due from Fast Grow to the Group (being approximately HK\$39,002,000 net as at 28 February 2007), the deferred tax liabilities of Fast Grow (being approximately HK\$2,022,000 as at 28 February 2007) and HK\$78,500,000 (being the value of the Property as agreed between the parties) and (b) minus the book value of the Property (being HK\$75,000,000 as at 28 February 2007), with the relevant figures being based on the balance sheet of Fast Grow as at the date of completion of the sale and purchase. It is currently estimated that the consideration would amount to approximately HK\$79 million.

## LETTER FROM THE BOARD

The rental income of the Property in respect of January 2008, after deducting any tax or duties payable thereon, will belong to the Vendor. Accordingly, such rental income (to the extent not already reflected in the net asset value of Fast Grow as at the date of completion) will be added to the consideration.

Although there is no cap on the consideration, the actual amount of consideration paid will not result in the transaction being classified as a major transaction.

The consideration is payable by the Purchaser in cash as follows:

- (a) the Purchaser is to remit a deposit of HK\$2,000,000 to the Vendor's solicitors as stakeholder at or before the signing of the Preliminary Agreement; and
- (b) the balance is payable to the Vendor on the date of completion of the transaction.

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser by reference to the independent valuation by DTZ Debenham Tie Leung Limited of the Property as at 28 February 2007 of HK\$75,000,000 and the market movement since then, which the Board considers to be a fair and reasonable basis.

### **Transfer Agreement and completion**

The Vendor and the Purchaser have agreed to conduct the sale and purchase according to market practice and to enter into the Transfer Agreement and complete the transaction on or before 29 February 2008 (and targeting 15 January 2008), failing which the transaction will be completed on 29 February 2008 pursuant to the Preliminary Agreement. The Vendor may forfeit the deposit paid by the Purchaser if the Purchaser fails to pay the balance of the consideration in breach of the Transfer Agreement or (if completion is to occur in accordance with the Preliminary Agreement) the Preliminary Agreement.

Upon completion of the transaction, the Company will cease to have any interest in Fast Grow and Fast Grow will cease to be a subsidiary of the Company.

### **Due diligence**

The Purchaser may conduct due diligence on Fast Grow and the Property until the earliest of (a) the signing of the Transfer Agreement; (b) the termination of the Preliminary Agreement; and (c) 23 January 2008. Should the Purchaser prove that the title to the shares of Fast Grow or the Property is defective, the Purchaser may terminate the Preliminary Agreement and the deposit will then be refunded to the Purchaser.

### **REASONS FOR AND BENEFITS OF THE TRANSACTION**

In view of the current buoyancy in the property market of Mainland China, the Board considers that it is in the interests of the Group to realise the investment in the Property. The proceeds of the disposal are currently intended to be used for expansion of business in Greater China.

## LETTER FROM THE BOARD

Based solely on the audited accounts of Fast Grow for the year ended 28 February 2007, it is expected that the Group would recognise a gain on disposal of approximately HK\$5,522,000, representing the difference between the consideration and the sum of the net asset value of Fast Grow and the net amount due from Fast Grow to the Group based on such accounts.

The Board believes that the terms of the transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole.

### FINANCIAL EFFECTS OF THE TRANSACTION

The transaction will not have material effect on the Group's assets or liabilities. Upon completion of the transaction, the Group will cease to receive rental income in respect of the Property (which would have amounted to approximately HK\$1,355,000 for the year ending 29 February 2008).

### GENERAL

The Group is principally engaged in the retailing, wholesaling and manufacturing of footwear.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
By order of the Board  
**Mirabell International Holdings Limited**  
**Tang Wai Lam**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the interests of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

### (i) Long positions in Shares

Name of Director	Number of shares/underlying shares beneficially held			Total	Approximate percentage of total issued share capital
	Personal interests	Other interests			
	Ordinary shares of HK\$0.1 each	Underlying shares (note(i))			
Mr. Tang Wai Lam	6,000,000	-	130,575,000 (note (ii))	136,575,000	52.06%
Mr. Ng Man Kit, Lawrence	12,936,000	1,400,000	50,000 (note (iii))	14,386,000	5.48%
Mr. Chung Chun Wah	902,000	1,400,000	158,000 (note (iv))	2,460,000	0.94%
Mr. Leung Kelvin Yiu Fai	-	980,000	-	980,000	0.37%
Mr. Lee Kwan Hung	-	340,000	-	340,000	0.13%
Mr. Lee Kin Sang	-	340,000	-	340,000	0.13%
Mr. Chan Ka Sing, Tommy	-	340,000	-	340,000	0.13%
Mr. Ng Chun Chuen, David	-	170,000	-	170,000	0.06%



Notes:

- (i) *Underlying shares are shares options granted to the directors of the Company on 3 April 2006 at an exercise price of HK\$2.875 per share pursuant to the share option scheme of the Company adopted on 29 December 2004 and details of which are set out below:*

<b>Name of Director</b>	<b>Number of underlying shares</b>	<b>Exercisable period</b>
Mr. Ng Man Kit, Lawrence	600,000	03/04/2008 – 02/04/2012
	800,000	03/04/2009 – 02/04/2012
Mr. Chung Chun Wah	600,000	03/04/2008 – 02/04/2012
	800,000	03/04/2009 – 02/04/2012
Mr. Leung Kelvin Yiu Fai	320,000	03/04/2008 – 02/04/2014
	320,000	03/04/2009 – 02/04/2014
	340,000	03/04/2010 – 02/04/2014
Mr. Lee Kwan Hung	160,000	03/04/2008 – 02/04/2014
	180,000	03/04/2009 – 02/04/2014
Mr. Lee Kin Sang	160,000	03/04/2008 – 02/04/2014
	180,000	03/04/2009 – 02/04/2014
Mr. Chan Ka Sing, Tommy	160,000	03/04/2008 – 02/04/2014
	180,000	03/04/2009 – 02/04/2014
Mr. Ng Chun Chuen, David	80,000	03/04/2008 – 02/04/2014
	90,000	03/04/2009 – 02/04/2014

- (ii) *Of these 130,575,000 shares, 8,175,000 shares were held by Rich Land Property Limited, which was wholly owned by a discretionary trust, the founder of which was Mr. Tang Wai Lam. The other 122,400,000 shares were held by Tang's Enterprises Limited, which was owned by Rich Land Property Limited, Kinlington Agents Limited and Mosman Associates Limited as to one-third each.*

- (iii) *These 50,000 shares were held by Madam Wong Lee Ling, Cathy, the spouse of Mr. Ng Man Kit, Lawrence.*

- (iv) *These 158,000 shares were held by Madam Cheung Suk Yee, the spouse of Mr. Chung Chun Wah.*

**(ii) Long positions in shares of associated corporation**

<b>Name of Director</b>	<b>Number of non-voting deferred shares of HK\$100 each in a subsidiary of the Company, Mirabell Footwear Limited, beneficially held personally</b>
Mr. Tang Wai Lam	6,561
Mr. Chung Chun Wah	477

- (b) As at the Latest Practicable Date, so far as was known to the Directors, the persons (other than the Directors) having interests in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Number of ordinary shares of HK\$0.1 each beneficially held			Total	Approximate percentage of total issued share capital
	Beneficial interest	Interest of controlled corporation	Other interests		
Tang's Enterprises Limited <i>(note (v))</i>	122,400,000	-	-	122,400,000	46.66%
Rich Land Property Limited <i>(note (v))</i>	8,175,000	122,400,000 <i>(note (i))</i>	-	130,575,000	49.78%
Kinlington Agents Limited <i>(note (v))</i>	8,175,000	122,400,000 <i>(note (i))</i>	-	130,575,000	49.78%
Mosman Associates Limited	8,175,000	122,400,000 <i>(note (i))</i>	-	130,575,000	49.78%
Mr. Tang Keung Lam	6,000,000	-	130,575,000 <i>(note (ii))</i>	136,575,000	52.06%
Madam Tso Lai Kuen	6,000,000	-	130,575,000 <i>(note (iii))</i>	136,575,000	52.06%
Strath Fiduciaries Limited	-	146,925,000 <i>(note (iv))</i>	-	146,925,000	56.01%

*Notes:*

- (i) *These represented the same block of 122,400,000 shares held by Tang's Enterprises Limited, which was owned by Rich Land Property Limited, Kinlington Agents Limited and Mosman Associates Limited as to one-third each.*
- (ii) *Of these 130,575,000 shares, 8,175,000 shares were held by Kinlington Agents Limited, which was wholly owned by a discretionary trust, the founder of which was Mr. Tang Keung Lam. The other 122,400,000 shares represented the same block of shares held by Tang's Enterprises Limited.*
- (iii) *Of these 130,575,000 shares, 8,175,000 shares were held by Mosman Associates Limited, which was wholly owned by a discretionary trust, the founder of which was Madam Tso Lai Kuen. The other 122,400,000 shares represented the same block of shares held by Tang's Enterprises Limited.*



**4. LITIGATION**

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

**5. GENERAL**

- (a) The Hong Kong branch share registrars and transfer office of the Company is Tricor Abacus Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (b) Mr. Leung Kelvin Yiu Fai is the Company Secretary and Qualified Accountant of the Company. He is also a Director, and is a Fellow of the Hong Kong Institute of Certified Public Accountants, a Fellow of the Association of Chartered Certified Accountants, UK, a Certified Management Accountant of the Institute of Certified Management Accountants, USA, a Fellow of CPA Australia and a Solicitor of the High Court of Australia.
- (c) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.