THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of these Offers, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in **Mirabell International Holdings Limited**, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to a licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the Forms of Acceptance, the contents of which form part of the terms of the Offers contained therein.

Belle Group Limited

(Incorporated in the British Virgin Islands with limited liability)

Mirabell International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1179)

Composite Offer and Response Document relating to Voluntary Conditional Cash Offer by DBS Asia Capital Limited on behalf of Belle Group Limited, a wholly-owned subsidiary of Belle International Holdings Limited, to acquire all shares in the share capital of Mirabell International Holdings Limited and to cancel all the outstanding share options

Financial Adviser to Belle Group Limited

Independent Financial Adviser to the Independent Board Committee of Mirabell International Holdings Limited

First Shanghai Capital Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from the BGL Board is set out on pages 6 to 9 of this Composite Document.

A letter from DBS containing, amongst other things, the details of the terms of the Offers is set out on pages 10 to 23 of this Composite Document.

A letter from the Mirabell Board is set out on pages 24 to 29 of this Composite Document.

A letter from the Mirabell IBC is set out on pages 30 to 31 of this Composite Document.

A letter from First Shanghai containing advice to the Mirabell IBC in respect of the Offers is set out on pages 32 to 50 of this Composite Document.

The procedures for acceptance and other related information are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Acceptances of the Share Offer and the Option Offer should be received by the Receiving Agent and the company secretary of Mirabell, respectively, no later than 4:00 p.m. on 9 May 2008 (or such other time and/or date as BGL may determine and announce with the consent of the Executive).

18 April 2008

CONTENTS

Despatch date of this Composite Document and the commencement of the Offers *(Note 1)*	18 April 2008
Latest time and date for acceptance of the Offers *(Note 2)*	4:00 p.m., 9 May 2008
Closing Date *(Note 2)*	9 May 2008
Announcement of the result of the Offers, as at the Closing Date, on the website of the Stock Exchange	by 7:00 p.m., 9 May 2008
Latest date for posting of remittances for the amount due in respect of valid acceptances received on or before the Closing Date, assuming the Offers become or are declared unconditional on the Closing Date *(Note 3)*	19 May 2008
Latest time and date for the Offers remaining open for acceptance assuming the Offers become or are declared unconditional on the Closing Date *(Note 4)*	4:00 p.m., 23 May 2008
Long Stop Date being the latest time by which the Offers can become or be declared unconditional as to acceptances *(Note 5)*	7:00 p.m., 17 June 2008

Notes:

(1) The Offers are made on 18 April 2008, namely the date of posting of this Composite Document, and are capable of being accepted on and from that date.

(2) In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document was posted. The latest time for acceptance of the Offers is 4:00 p.m. on 9 May 2008. See also note (4) below.

(3) The consideration payable for the Offer Shares and the Share Options under the Offers will be posted by ordinary post to the Mirabell Shareholders or the Mirabell Optionholders accepting the Offers at their own risk as soon as possible, but in any event within 10 days of the later of: (i) the date of receipt by the Receiving Agent (in respect of the Share Offer) or the company secretary of Mirabell (in respect of the Option Offer) of all the relevant documents to render the acceptance under the Offers complete and valid, and (ii) the date the Offers becomes, or are declared, unconditional.

(4) In accordance with the Takeovers Code, where the Offers become or are declared unconditional, the Offers should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offers are closed to the Mirabell Shareholders and Mirabell Optionholders who have not accepted the Offers. BGL reserves its right to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). BGL will issue a press announcement in relation to any extension of the Offers, which will state the next closing date or, if the Offers have become or are at that time unconditional, that the Offers will remain open until further notice. BGL has stated its intention in this Composite Document to exercise certain rights of compulsory acquisition under Section 88 of the Companies Law if BGL acquires

not less than 90% of the Disinterested Shares within four months of the posting of this Composite Document as required by Rule 2.11 of the Takeovers Code. The Offers may not remain open for acceptance for more than 4 months from the date of posting of this Composite Document, unless BGL has by that time become entitled to exercise those rights of compulsory acquisition.

(5) In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this Composite Document was posted. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offers have previously become or are declared unconditional as to acceptances, the Offers will lapse after 7:00 p.m. on 17 June 2008, unless extended with the consent of the Executive.

WARNING:

If the level of acceptances of the Share Offer reaches the prescribed level under the Companies Law and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and BGL proceeds with the privatisation of Mirabell, dealings in the securities of Mirabell will be suspended from the Closing Date (or such later time or date as BGL may, subject to the rules of the Takeovers Code, decide) up to the withdrawal of listing of Mirabell's securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If, at the close of the Offers, less than 25% of the Offer Shares are held by the public or if the Stock Exchange believes that:

- **a false market exists or may exist in the trading of the Offer Shares, or**

- **there are insufficient Offer Shares in public hands to maintain an orderly market,**

then the Stock Exchange may exercise its discretion to suspend dealings in the Offer Shares. In this connection, it should be noted that upon completion of the Offers, there may be insufficient public float for the Offer Shares and therefore, trading in the Offer Shares may be suspended until a prescribed level of public float is attained.

All time references contained in this Composite Document are to Hong Kong time.

In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:

"**%**"	means per cent.;
"**Acquisition**"	means the proposed acquisition of 164,925,000 Offer Shares by BGL from the Controlling Shareholders at the Share Offer Price pursuant to the Offers;
"**acting in concert**"	has the meaning ascribed to it under the Takeovers Code;
"**associates**"	has the meaning ascribed to it under the Takeovers Code;
"**Authorisations**"	means all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Offers and the acquisition of the Offer Shares;
"**Belle**"	means Belle International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange;
"**Belle Group**"	means Belle and its subsidiaries;
"**BGL**" or the "**Offeror**"	means Belle Group Limited, a company incorporated in the BVI and a wholly-owned subsidiary of Belle;
"**BGL Board**"	means the board of directors for the time being of BGL;
"**BGL Directors**"	means the directors of BGL for the time being;
"**Business Day**"	has the meaning ascribed to it under the Takeovers Code;
"**BVI**"	means the British Virgin Islands;
"**CCASS**"	means the Central Clearing and Settlement System established and operated by HKSCC;
"**Closing Date**"	means 9 May 2008, the closing date of the Offers, being 21 days after the date on which this Composite Document is posted;
"**Companies Law**"	means the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
"**Composite Document**"	means this document dated 18 April 2008 comprising the Offer Document and the Response Document issued jointly by BGL and Mirabell in connection with the Offers;
"**Concert Parties**"	means parties acting in concert with BGL, as determined in accordance with the Takeovers Code;

"**Condition(s)**"	means the condition(s) of the Offers, as set out under the paragraph headed "Conditions of the Offers" in the Letter from DBS of this Composite Document;
"**connected person**"	has the meaning ascribed to it under the Listing Rules;
"**Controlling Shareholders**"	means collectively Tang Keung Lam, Tang Wai Lam and Tso Lai Kuen, and the entities controlled by them, being Tang's Enterprises Limited, Rich Land Property Limited, Kinlington Agents Limited and Mosman Associates Limited, who are together interested in 164,925,000 Offer Shares, representing approximately 62.87% of the issued share capital of Mirabell as at the Latest Practicable Date;
"**DBS**"	means DBS Asia Capital Limited, which is licensed by the SFC to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to BGL in relation to the Offers;
"**Disinterested Shares**"	means all of the Offer Shares other than those held by BGL and its Concert Parties;
"**Enlarged Group**"	means collectively the Belle Group and the Mirabell Group;
"**Executive**"	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
"**First Shanghai**"	means First Shanghai Capital Limited, which is licensed by the SFC to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Mirabell IBC in respect of the Offers;
"**Forms of Acceptance**"	means the accompanying **WHITE** Form of Acceptance and **PINK** Form of Acceptance in respect of the Share Offer and Option Offer respectively;
"**HK$**"	means Hong Kong dollar(s), the lawful currency of Hong Kong;
"**HKSCC**"	means Hong Kong Securities Clearing Company Limited;
"**Hong Kong**"	means the Hong Kong Special Administrative Region of the People's Republic of China;
"**Irrevocable Undertaking**"	means the Deed of Irrevocable Undertaking dated 28 February 2008 executed by the Controlling Shareholders in favour of Belle and BGL in relation to their commitment to accept the Share Offer in the event that the Offers are proceeded;

"**Joint Announcement**"	means the joint announcement issued jointly by Belle, BGL and Mirabell on 28 February 2008 in connection with the Offers;
"**Joint Announcement Date**"	means 28 February 2008, being the date on which the Joint Announcement was published;
"**Last Trading Date**"	means 22 February 2008, being the last trading day prior to the suspension of trading in the Offer Shares pending the publication of the Joint Announcement;
"**Latest Practicable Date**"	means 15 April 2008, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information referred to in this Composite Document;
"**Listing Rules**"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"**Long Stop Date**"	means 17 June 2008, being the 60th day after the date of the posting of this Composite Document (or such later date to which the Executive may consent);
"**Mirabell**" or "**Offeree**"	means Mirabell International Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange;
"**Mirabell Board**"	means the board of directors for the time being of Mirabell;
"**Mirabell Director(s)**"	means the director(s) for the time being of Mirabell;
"**Mirabell Group**"	means Mirabell and its subsidiaries;
"**Mirabell IBC**"	means the independent board committee of Mirabell comprising Lee Kin Sang, Chan Ka Sing, Tommy and Ng Chun Chuen, David, who are all the independent non-executive Mirabell Directors, which has been formed to advise the Mirabell Shareholders in respect of the Offers;
"**Mirabell Optionholder(s)**"	means registered grantees/holders for the time being of the Share Options and "**Mirabell Optionholder**" shall be construed accordingly;
"**Mirabell Shareholder(s)**" or "**Shareholder(s)**"	means registered holders for the time being of the Offer Shares and "**Mirabell Shareholder**" and "**Shareholder**" shall be construed accordingly;

"**Offer Document**"	means the document required to be issued by, or on behalf of, BGL to all Mirabell Shareholders and Mirabell Optionholders in accordance with the Takeovers Code containing, inter alia, details of the Offers and the terms and conditions of the Offers and forming part of this Composite Document;
"**Offer Period**"	has the meaning ascribed to it under the Takeovers Code and commencing from 28 February 2008, being the Joint Announcement Date;
"**Offer Share(s)**" or "**Share(s)**"	means ordinary shares of HK$0.10 each in the issued share capital of Mirabell and "**Offer Share**" and "**Share**" shall be construed accordingly;
"**Offers**"	means the Share Offer and the Option Offer;
"**Option Offer Price**"	means the cash amount of (i) HK$3.125 per Share Option with exercise price of HK$2.875 for each Offer Share; or (ii) HK$0.104 per Share Option with exercise price of HK$5.896 for each Offer Share, payable by BGL to Mirabell Optionholders for each Share Option accepted under the Option Offer;
"**Option Offer**"	means the voluntary conditional cash offer for cancellation of the Share Options at the Option Offer Price;
"**PINK Form of Acceptance**"	means the form of acceptance and cancellation of Share Options in **PINK** in respect of the Option Offer which accompanies this Composite Document;
"**PRC**"	means the People's Republic of China, which for the purposes of this Composite Document, shall not include Hong Kong, Macau Special Administrative Region and Taiwan;
"**Receiving Agent**"	means Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, being the share registrar for receiving and processing the acceptances of the Share Offer;
"**Relevant Authorities**"	means the appropriate governments and/or governmental bodies, regulatory bodies, tribunals, authorities, courts or institutions;
"**Relevant Period**"	means the period commencing on the date falling six months prior to the Joint Announcement Date and up to the Latest Practicable Date;

"**Response Document**"	means the document required to be issued by Mirabell to Mirabell Shareholders and Mirabell Optionholders in accordance with the Takeovers Code containing, inter alia, the board circular of Mirabell and forming part of this Composite Document;
"**SFC**"	means the Securities and Futures Commission of Hong Kong;
"**SFO**"	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"**Share Offer**"	means the voluntary conditional cash offer at the Share Offer Price to acquire all of the issued and to be issued Shares in the share capital of Mirabell;
"**Share Offer Price**"	means the cash amount of HK$6.00 payable by BGL to Mirabell Shareholders for each Offer Share accepted under the Share Offer;
"**Share Option(s)**"	means the outstanding options granted pursuant to the Share Option Scheme and "**Share Option**" shall be construed accordingly;
"**Share Option Scheme**"	means the share option scheme adopted by Mirabell pursuant to a resolution passed by Mirabell Shareholders at an extraordinary general meeting on 29 December 2004, as amended from time to time;
"**Stock Exchange**"	means The Stock Exchange of Hong Kong Limited;
"**subsidiaries**"	has the meaning ascribed to it under the Listing Rules;
"**substantial shareholder**"	has the meaning ascribed to it under the Listing Rules;
"**Takeovers Code**"	means the Codes on Takeovers and Mergers and Share Repurchases published by the SFC;
"**Unconditional Date**"	means the date on which the Offers become or are declared unconditional in all respects;
"**US$**"	means United States Dollars, the lawful currency of the United States of America; and
"**WHITE Form of Acceptance**"	means the form of acceptance and transfer of Shares in **WHITE** in respect of the Share Offer which accompanies this Composite Document.

In the event of inconsistency, the English text of this Composite Document shall prevail over the Chinese text.

Belle Group Limited

(Incorporated in the British Virgin Islands with limited liability)

18 April 2008

To the Mirabell Shareholders and the Mirabell Optionholders,

Dear Sir or Madam,

**Voluntary Conditional Cash Offer
by DBS Asia Capital Limited on behalf of
Belle Group Limited, a wholly-owned subsidiary of
Belle International Holdings Limited,
to acquire all shares in the share capital of
Mirabell International Holdings Limited and
to cancel all the outstanding share options**

1. INTRODUCTION

On 22 February 2008, a letter was sent by BGL (a wholly-owned subsidiary of Belle) to inform Mirabell that BGL is considering making a proposed voluntary conditional cash offer to acquire all of the issued and to be issued shares in the share capital, and for the cancellation of all the outstanding share options, of Mirabell.

Full details of the Offers are set out in the "Letter from DBS" incorporated in this Composite Document, which this letter forms a part of. Terms defined in this Composite Document shall have the same meanings when used in this letter.

We would like to take this opportunity to briefly set out certain background information on BGL, the reasons we are making the Offers and our intentions in relation to Mirabell.

2. IRREVOCABLE COMMITMENTS

The Controlling Shareholders had on 28 February 2008 executed the Irrevocable Undertaking in favour of Belle and BGL, pursuant to which the Controlling Shareholders undertook to accept the Share Offer in respect of all the 164,925,000 Offer Shares collectively held by them as at the date of the Irrevocable Undertaking, representing in aggregate approximately 62.87% of the issued share capital of Mirabell as at the Latest Practicable Date. Assuming the Offers are proceeded and based on the Share Offer Price of HK$6.00 per Offer Share, pursuant to the Irrevocable Undertaking, BGL shall acquire from the Controlling Shareholders the 164,925,000 Offer Shares held by them at a total consideration of HK$989,550,000.

The obligations of the Controlling Shareholders to accept the Share Offer shall lapse if (i) the Offers lapse or are being withdrawn or any Condition has been invoked; (ii) the Offers are materially altered in terms of the offer structure and/or which result in a material deviation from the terms and conditions of the Offers (excluding the increase of the cash offer price or extension of the Offer Period and/or amendments to the terms of the Offers which are customary or conventional in an offer of similar nature); or (iii) the Offer Document is not despatched upon the expiry of 145 days from the Joint Announcement Date.

3. INFORMATION ON BGL AND THE BELLE GROUP

Belle was incorporated in the Cayman Islands on 19 April 2004 as an exempted company with limited liability under the Companies Law. Belle was listed on the main board of the Stock Exchange on 23 May 2007, trading under the stock code 1880. Belle and its subsidiaries are principally engaged in the manufacturing, distribution and sale of ladies' and men's footwear, and distribution and sale of sportswear and apparel in the PRC, Hong Kong, Macau Special Administrative Region and the United States of America. BGL, being a wholly-owned subsidiary of Belle, is an investment holding company incorporated in the BVI which does not conduct any business.

None of BGL nor any of its Concert Parties owns or controls any Offer Shares or any convertible securities, warrants, options or Share Options (or other outstanding derivatives) in respect of the Offer Shares, and none of them had any holdings in the Offer Shares or had dealt in the Offer Shares during the Relevant Period.

4. REASONS FOR THE OFFER

Belle believes that there are compelling commercial reasons for a combination of Belle and Mirabell.

It is the Belle Group's corporate development strategy to put emphasis on developing mid-range to high-end leisure footwear business. In view that the branded footwear products sold and distributed by the Mirabell Group fall into the price range between US$60 to US$300, a market segment which Belle considers to have huge growth potential in the PRC, Belle believes that the acquisition of Mirabell through the implementation of the Offers will complement each other's current footwear business.

As the non-PRC businesses of Mirabell, in particular those operated in Hong Kong, have been managed by experienced management personnel, Belle believes that the implementation of the Offers will benefit and enhance the Belle Group's non-PRC business operations. At the same time, Belle believes that its extensive retail network, current scale of operations and strong management experience in the PRC will further enhance the development of Mirabell's business operations in the PRC.

As in previous acquisitions undertaken by Belle (including the mergers with Millie's and Senda), Belle believes that the implementation of the Offers (which will result in the combination of the businesses of Belle and Mirabell) would be a growth driver for Belle's businesses which generates new business opportunities for the Belle Group and enables Belle to capture revenue synergies.

5. INTENTIONS IN RELATION TO MIRABELL

Upon completion of the Offers, the Enlarged Group will become one of the leading manufacturers and distributors of ladies' and men's footwear in the PRC, Hong Kong and Macau Special Administrative Region.

BGL intends to continue the Mirabell Group's business of retailing, wholesaling and manufacturing of footwear in the PRC, Hong Kong, Macau Special Administrative Region and Taiwan after the completion of the Offers. BGL has no intention to (i) dispose of or re-deploy the fixed assets of the Mirabell Group; (ii) inject assets into the Mirabell Group; or (iii) introduce other major changes to the Mirabell Group's business, following the completion of the Offers other than in its ordinary course of business.

BGL treasures and recognises the contribution of the existing management and employees of the Mirabell Group and will seek to further develop their potentials. The customers and staff of the Mirabell Group can look forward to the continuation and development of the businesses of the Mirabell Group in future years.

6. COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF MIRABELL

In the event Condition (a) as stated as the paragraph headed "Conditions of the Offers" in the Letter from DBS in this Composite Document is satisfied, BGL intends to exercise the right under section 88 of the Companies Law to compulsorily acquire those Offer Shares not acquired by BGL under the Share Offer. On completion of the compulsory acquisition, Mirabell will become a wholly-owned subsidiary of Belle and an application will be made for the withdrawal of the listing of the Offer Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

According to Rule 15.6 of the Takeovers Code, as BGL may consider exercising its rights under the relevant provisions of the Companies Law to compulsorily acquire those Offer Shares not acquired by BGL under the Share Offer, the Share Offer may not remain open for acceptance for more than four months from the posting of the Offer Document, unless BGL has by that time become entitled to exercise the power of compulsory acquisition available to it under the Companies Law, in which event BGL will do so without delay.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where BGL seeks to acquire or privatise Mirabell by means of the Share Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Companies Law, acceptance of the Share Offer and purchases made by BGL and its Concert Parties during the period of four months after posting of the Offer Document total of not less than 90% of the Disinterested Shares.

WARNING: Furthermore, if the level of acceptances reaches the prescribed level under the Companies Law and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and BGL proceeds with the privatisation of Mirabell, dealings in the securities of Mirabell will be suspended from the Closing Date (or such later time or date as BGL may, subject to the rules of the Takeovers Code, decide) up to the withdrawal of listing of Mirabell's securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

7. CONNECTED TRANSACTIONS

The Controlling Shareholders are connected persons of Belle under the Listing Rules. As such, the execution of the Irrevocable Undertaking and the Acquisition constitute connected transaction of Belle under the Listing Rules.

As the relevant applicable percentage ratios (as defined in Rule 14.04(9) of the Listing Rules) in respect of the aggregate Share Offer Price payable by BGL to Controlling Shareholders (i.e. HK$989,550,000) in respect of the 164,925,000 Offer Shares held by them will exceed 2.5%, the Acquisition and the entering into of the Irrevocable Undertaking are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to an extraordinary general meeting of Belle held on 11 April 2008, the independent shareholders of Belle have approved the Acquisition, the entering into of the Irrevocable Undertaking and the implementation of the transactions contemplated thereunder.

8. MISCELLANEOUS

Your attention is drawn to the information in the Letter from DBS, as set out on pages 10 to 23 of this Composite Document, as well as the additional information set out in the Appendices which form part of this Composite Document.

Yours faithfully,
By order of the board of
Belle Group Limited
Sheng Baijiao
Director

DBS

18 April 2008

To the Mirabell Shareholders and the Mirabell Optionholders,

Dear Sir or Madam,

**Voluntary Conditional Cash Offer
by DBS Asia Capital Limited on behalf of
Belle Group Limited, a wholly-owned subsidiary of
Belle International Holdings Limited,
to acquire all shares in the share capital of
Mirabell International Holdings Limited and
to cancel all the outstanding share options**

INTRODUCTION

On 22 February 2008, a letter was sent by BGL (a wholly-owned subsidiary of Belle) to inform Mirabell that BGL is considering making a proposed voluntary conditional cash offer to acquire all of the issued and to be issued shares in the share capital, and for the cancellation of all the outstanding share options, of Mirabell.

On 28 February 2008, Belle, BGL and Mirabell jointly announced that it is proposed that we will, on behalf of BGL, make a voluntary conditional cash offer to acquire all of the issued and to be issued shares in the share capital, and for the cancellation of all the outstanding share options, of Mirabell.

The Share Offer is conditional upon, amongst other matters, valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as BGL may, subject to the rules of the Takeovers Code, decide) in respect of at least 90% of the Disinterested Shares. Further conditions of the Share Offer are set out in the paragraph headed "Conditions of the Offers" in this letter. The Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

The Controlling Shareholders had on 28 February 2008 executed the Irrevocable Undertaking in favour of Belle and BGL, pursuant to which the Controlling Shareholders undertook to accept the Share Offer in respect of all the 164,925,000 Offer Shares collectively held by them as at the date of the Irrevocable Undertaking, representing in aggregate approximately 62.87% of the issued share capital of Mirabell as at the Latest Practicable Date.

This letter sets out details of the terms of the Offers, information on the Offeror and the intentions of the Offeror regarding the Mirabell Group. Further details of the terms of the Offers are set out under the paragraph headed "Further Terms of the Offers" below, in Appendix I to the Composite Document and in the accompanying Forms of Acceptance.

Your attention is also drawn to the letter from the BGL Board, the letter from the Mirabell Board, the letter from the Mirabell IBC and the letter from First Shanghai contained in the Composite Document.

THE OFFERS

DBS, on behalf of BGL, is making (i) the Share Offer to acquire all the issued and to be issued Offer Shares, and (ii) the Option Offer for the cancellation of all the outstanding Share Options, on the following basis:

For each Offer Share. . . . .**HK$6.00 in cash**

For each Share Option with an exercise price of HK$2.875 per Offer Share. . . . .**HK$3.125 in cash**

For each Share Option with an exercise price of HK$5.896 per Offer Share. . . . .**HK$0.104 in cash**

As at the Latest Practicable Date, there are 262,320,000 Offer Shares in issue and outstanding Share Options involving 16,420,000 Offer Shares. Other than the Share Options, Mirabell has no other options, warrants or other securities that carry a right to subscribe for or which are convertible into the Offer Shares.

Comparisons of value

The Share Offer Price represents:

	Share Price of Mirabell	**Premium of the Share Offer Price to the Share Price**	
	HK$	*HK$*	*%*
Closing price on the Latest Practicable Date	$5.80	$0.20	3.45%
Closing price on the Last Trading Date (being the last business and trading day prior to the commencement of the Offer Period)	$5.21	$0.79	15.16%
Average closing price for the last 5 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	$5.31	$0.69	12.99%

	Share Price of Mirabell	Premium of the Share Offer Price to the Share Price	
	HK$	*HK$*	*%*
Average closing price for the last 10 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	$5.30	$0.70	13.21%
Average closing price for the last 30 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	$5.10	$0.90	17.65%
Average closing price for the last 60 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	$5.08	$0.92	18.11%
Average closing price as quoted on the Stock Exchange for the three months immediately prior to and including the Last Trading Date	$5.07	$0.93	18.34%
Average closing price as quoted on the Stock Exchange for the six months immediately prior to and including the Last Trading Date	$5.02	$0.98	19.52%

Please also refer to the paragraph headed "Market Prices" in Appendix III to the Composite Document for further information on the market prices of the Shares.

The Share Offer Price also represents a premium of approximately 18.81% over the consolidated shareholders equity per Offer Share of approximately HK$5.05 as at 28 February 2007 (based on the consolidated shareholders equity as at that date of approximately HK$1,284,327,000 and 254,530,000 Offer Shares in issue, as shown in the 2006/2007 annual report of Mirabell).

The Option Offer Price represents the difference between the exercise price of the respective Share Options and the Share Offer Price.

Highest and lowest prices

The highest closing price of the Offer Shares as quoted on the Stock Exchange was HK$6.00 each on 5 November 2007 and the lowest closing price of the Offer Shares as quoted on the Stock Exchange was HK$3.25 each on 29 August 2007 during the Relevant Period.

Consideration for the Offer Shares and the Share Options

Based on the Share Offer Price of HK$6.00 per Offer Share and 262,320,000 Offer Shares in issue as at the Latest Practicable Date, the entire issued share capital of Mirabell is valued at about HK$1,573.92 million. Accordingly, the maximum amount payable under the Share Offer (assuming no Share Options are exercised and the Share Offer is accepted in full) is HK$1,573.92 million.

Based on the Option Offer Price of (i) HK$3.125 per Share Option with exercise price of HK$2.875 for each Offer Share in respect of outstanding Share Options involving 13,250,000 Offer Shares; and (ii) HK$0.104 per Share Option with exercise price of HK$5.896 for each Offer Share in respect of outstanding Share Options involving 3,170,000 Offer Shares, as at the Latest Practicable Date, the maximum amount payable under the Option Offer (assuming no Share Options are exercised prior to the Closing Date and the Option Offer is accepted in full) is HK$41,735,930.

In the event all the Share Options are exercised in full by the Mirabell Optionholders prior to the Closing Date and the Share Offer is accepted in full (including all Offer Shares issued and allotted as a result of the exercise of the Share Options), the maximum amount payable by BGL pursuant to the Share Offer will be increased to approximately HK$1,672.44 million and no amount will then be payable under the Option Offer. In such case Mirabell should have received an aggregate subscription price of HK$56,784,070 from the exercise of the Share Options.

The consideration payable under the Offers was determined on the basis of the most recent published financial information of Mirabell and the prevailing market price of the Offer Shares.

Share Option Scheme

As at the Latest Practicable Date, Mirabell had (i) outstanding Share Options entitling the Mirabell Optionholders to subscribe for up to an aggregate of 13,250,000 Offer Shares at an exercise price of HK$2.875 per Offer Share, and (ii) outstanding Share Options entitling Mirabell Optionholders to subscribe for up to an aggregate of 3,170,000 Offer Shares at an exercise price of HK$5.896 per Offer Share. If the Share Options are exercised in full, Mirabell will have to issue 16,420,000 Offer Shares, representing approximately 5.89% of the enlarged issued share capital of Mirabell.

CONFIRMATION OF FINANCIAL RESOURCES

The maximum amount of aggregate cash consideration to be paid to the Mirabell Shareholders and the Mirabell Optionholders in connection with the Offers (including the compulsory acquisition which may be undertaken in connection with the Offers and assuming all the Share Options are exercised in full prior to the Closing Date) is approximately HK$1,672.44 million. This amount will be funded by BGL from its internal financial resources.

DBS is satisfied that sufficient financial resources are available to BGL to implement the Offers in full as described above.

IRREVOCABLE COMMITMENTS

The Controlling Shareholders had on 28 February 2008 executed the Irrevocable Undertaking in favour of Belle and BGL, pursuant to which the Controlling Shareholders undertook to accept the Share Offer in respect of all the 164,925,000 Offer Shares collectively held by them as at the date of the Irrevocable Undertaking, representing in aggregate approximately 62.87% of the issued share capital of Mirabell as at the Latest Practicable Date. Assuming the Offers are proceeded and based on the Share Offer Price of HK$6.00 per Offer Share, pursuant to the Irrevocable Undertaking, BGL shall acquire from the Controlling Shareholders the 164,925,000 Offer Shares held by them at a total consideration of HK$989,550,000.

The obligations of the Controlling Shareholders to accept the Share Offer shall lapse if (i) the Offers lapse or are being withdrawn or any Condition has been invoked; (ii) the Offers are materially altered in terms of the offer structure and/or which result in a material deviation from the terms and conditions of the Offers (excluding the increase of the cash offer price or extension of the Offer Period and/or amendments to the terms of the Offers which are customary or conventional in an offer of similar nature); or (iii) the Offer Document is not despatched upon the expiry of 145 days from the Joint Announcement Date.

INFORMATION ON BELLE AND BGL

Belle was incorporated in the Cayman Islands on 19 April 2004 as an exempted company with limited liability under the Companies Law. Belle was listed on the main board of the Stock Exchange on 23 May 2007, trading under the stock code 1880. Belle and its subsidiaries are principally engaged in the manufacturing, distribution and sale of ladies' and men's footwear, and distribution and sale of sportswear and apparel in the PRC, Hong Kong, Macau Special Administrative Region and the United States of America. BGL, being a wholly-owned subsidiary of Belle, is an investment holding company incorporated in the BVI and does not conduct any business.

None of BGL nor any of its Concert Parties owned or controlled any Offer Shares or any convertible securities, warranties, options or Share Options (or other outstanding derivatives) in respect of the Offer Shares, and none of them had any holdings in the Offer Shares or had dealt in the Offer Shares during the Relevant Period.

INFORMATION ON THE MIRABELL GROUP

Mirabell was incorporated in the Cayman Islands on 12 July 1996 as an exempted company with limited liability under the Companies Law. Mirabell was listed on the main board of the Stock Exchange on 6 December 1996, trading under the stock code 1179. The Mirabell Group is principally engaged in the retailing, wholesaling and manufacturing of footwear.

The audited consolidated net asset value of Mirabell was approximately HK$1,284,327,000 as at 28 February 2007. Mirabell recorded an audited consolidated net profit before tax and extraordinary items attributable to Mirabell Shareholders of approximately HK$71,888,000 and HK$116,777,000 for each of the years ended 28 February 2006 and 28 February 2007, respectively. Mirabell recorded an audited consolidated net profit after tax and extraordinary items attributable to Mirabell Shareholders of approximately HK$65,497,000 and HK$105,462,000 for each of the years ended 28 February 2006 and 28 February 2007, respectively.

Tang's Enterprises Limited, being a controlling shareholder of Mirabell, is an investment company incorporated in the BVI and is wholly-owned by Rich Land Property Limited, Kinlington Agents Limited and Mosman Associates Limited collectively. Each of Rich Land Property Limited, Kinlington Agents Limited and Mosman Associates Limited is an investment company incorporated in the BVI. Each of Rich Land Property Limited, Kinlington Agents Limited and Mosman Associates Limited, is wholly-owned by a discretionary trust founded by Tang Wai Lam, Tang Keung Lam and Tso Lai Kuen, respectively. The Controlling Shareholders are together interested in and have control over 164,925,000 Offer Shares, representing approximately 62.87% of the issued share capital of Mirabell.

REASONS FOR THE OFFERS

Belle believes that there are compelling commercial reasons for a combination of Belle and Mirabell.

It is the Belle Group's corporate development strategy to put emphasis on developing mid-range to high-end leisure footwear business. In view that the branded footwear products sold and distributed by the Mirabell Group fall into the price range between US$60 to US$300, a market segment which Belle considers to have huge growth potential in the PRC, Belle believes that the acquisition of Mirabell through the implementation of the Offers will complement each other's current footwear business.

As the non-PRC businesses of Mirabell, in particular those operated in Hong Kong, have been managed by experienced management personnel, Belle believes that the implementation of the Offers will benefit and enhance the Belle Group's non-PRC business operations. At the same time, Belle believes that its extensive retail network, current scale of operations and strong management experience in the PRC will further enhance the development of Mirabell's business operations in the PRC.

As in previous acquisitions undertaken by Belle (including the mergers with Millie's and Senda), Belle believes that the implementation of the Offers (which will result in the combination of the businesses of Belle and Mirabell) would be a growth driver of Belle's businesses which generates new business opportunities for the Belle Group and enables Belle to capture revenue synergies.

INTENTIONS IN RELATION TO MIRABELL

Upon completion of the Offers, the Enlarged Group will become one of the leading manufacturers and distributors of ladies' and men's footwear in the PRC, Hong Kong and Macau Special Administrative Region.

BGL intends to continue the Mirabell Group's business of retailing, wholesaling and manufacturing of footwear in the PRC, Hong Kong, Macau Special Administrative Region and Taiwan after the completion of the Offers. BGL has no intention to (i) dispose of or re-deploy the fixed assets of the Mirabell Group; (ii) inject assets into the Mirabell Group; or (iii) introduce other major changes to the Mirabell Group's business, following the completion of the Offers other than in its ordinary cause of business.

BGL treasures and recognises the contributions of the existing management and employees of the Mirabell Group and will seek to further develop their potentials. The customers and staff of the Mirabell Group can look forward to the continuation and development of the businesses of the Mirabell Group in future years.

BENEFITS OF THE OFFERS FOR THE MIRABELL SHAREHOLDERS

Belle believes that the Offers give the Mirabell Shareholders an opportunity to realise their investment in the Mirabell Group at a price which is above the market price of the Offer Shares on the Last Trading Date.

CONDITIONS OF THE OFFERS

The Offers will be conditional on the satisfaction or waiver of the following Conditions:

(a) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as BGL may, subject to the rules of the Takeovers Code, decide) in respect of at least 90% of the Disinterested Shares;

(b) the Offer Shares remaining listed and traded on the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) of trading of the Offer Shares as a result of the Offers and no indication being received on or before the Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the Offer Shares on the Stock Exchange is or is likely to be withdrawn;

(c) the Authorisations having been obtained or made from, with or by (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and/or any other relevant jurisdictions and the Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions in relation to the Offers having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, under or pursuant to the relevant laws, rules, regulations or codes in connection with the Offers (other than those which are not onerous and are purely administrative or procedural in nature), in each aforesaid case up to the Closing Date;

(d) no event having occurred which would make the Offers or the acquisition of the Offer Shares void, unenforceable or illegal or which would prohibit the implementation of the Offers or the acquisition of the Offer Shares or impose any additional material conditions or obligations with respect to the Offers or the acquisition of the Offer Shares or any part thereof;

(e) no relevant government, governmental, quasi-governmental, super-national, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation or order that would make the Offers or the acquisition of the Offer Shares void, unenforceable or illegal or prohibit the implementation of, or impose any material conditions or obligations with respect to, the Offers or the acquisition of the Offer Shares;

(f) if required, the obtaining by Belle and BGL of such other necessary consent, approval, authorisation, permission, waiver or exemption which may be required from any Relevant Authorities or other third parties which are necessary for the performance of the Offers or the acquisition of the Offer Shares under applicable laws and regulations;

(g) there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Mirabell Group is a party or to which any of them is or are or may be bound, entitled or subject to, which, as a consequence of the implementation of the Offers or the acquisition of the Offer Shares or because of a change in control or management of Mirabell could or might reasonably result in, to an extent which is material in the context of the Mirabell Group taken as a whole:

   (i) any monies borrowed by or other indebtedness (actual or contingent) of any member of the Mirabell Group being repayable or being capable of being declared payable prior to their stated maturity;

   (ii) the creation of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any member of the Mirabell Group or any such security (whether arising or having arisen) becoming enforceable; or

   (iii) any such arrangement, agreement, licence, permit, franchise or other instrument being terminated or adversely modified or any material action being taken or any material obligation arising thereunder;

(h) save as publicly announced prior to 28 February 2008 (being the Joint Announcement Date), no member of the Mirabell Group having since 28 February 2007 (being the date to which the latest published audited accounts of Mirabell were made up):

   (i) issued, agreed or authorised or proposed the issue of additional shares of any class, or securities convertible into, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (save as for Offer Shares which may be issued pursuant to the exercise of the Share Options or between Mirabell and its wholly-owned subsidiaries) and including, for the avoidance of doubt, any scrip dividend;

(ii) recommended, declared, paid or made any bonus shares, dividend or other distribution other than between members of the Mirabell Group;

(iii) to an extent which is material in the context of the Mirabell Group as a whole, merged with any body corporate or acquired or disposed of any assets or authorised, proposed or announced any intention to propose any merger, demerger, acquisition or disposal;

(iv) issued, authorised or proposed the issue of any debentures or, save in the ordinary course of business, incurred or increased any indebtedness or contingent liability in each case to an extent which is material in the context of the Mirabell Group taken as a whole;

(v) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or redeemed or reduced or made any other change to any part of its share capital to an extent which is material in the context of the Mirabell Group taken as a whole;

(vi) entered into any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long-term or unusual nature or magnitude, and which involves or is likely to involve an obligation of a nature or magnitude which, in any case, is material in the context of the Mirabell Group taken as a whole; or

(vii) made or authorised or proposed or announced an intention to propose any change in its loan capital to an extent which is material in the context of the Mirabell Group taken as a whole;

(i) save as publicly announced prior to 28 February 2008 (being the Joint Announcement Date), since 28 February 2007 (being the date to which the latest published audited accounts of Mirabell were made up):

(i) there having been no material adverse change in the business, financial or trading position or prospects of any member of the Mirabell Group to an extent which is material in the context of the Mirabell Group taken as a whole;

(ii) no contingent liability having arisen which might be expected to materially or adversely affect the Mirabell Group as a whole; or

(iii) there not having been instituted or remaining outstanding any material litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Mirabell Group is a party (whether as plaintiff or defendant or otherwise) and no such proceedings having been threatened in writing against any such member and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member in each case which is material and adverse in the context of the Mirabell Group taken as a whole; and

(j) each member of the Mirabell Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets and undertakings of any member of the Mirabell Group from the Joint Announcement Date up to the date when all the other conditions are satisfied or waived, as applicable.

BGL reserves the right to waive all or any of the Conditions to the Offers set out above, in whole or in part, to the extent legally permissible. Condition (a) may be waived subject to BGL having received acceptance in respect of Offer Shares which would result in BGL and its Concert Parties holding more than 50% of the voting rights in Mirabell.

In addition to the Conditions set out above, the Share Offer is made on the basis that acceptance of the Share Offer by any person will constitute a warranty by such person or persons to BGL that the Offer Shares acquired under the Share Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of the Joint Announcement or subsequently becoming attached to them, including the right to receive all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of the Joint Announcement.

In addition to the Conditions set out above, the Option Offer will be subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects. Further, the Option Offer will be made on the basis that acceptance of the Option Offer by any person will constitute a warranty by such person or persons to BGL that the Share Options are free from all third party rights, liens, charges, equities and encumbrances and are to be cancelled and renounced together with all rights attaching thereto as at the date of the Joint Announcement or subsequently becoming attaching to them.

Closing of the Offers

Except with the consent of the Executive, all Conditions must be fulfilled (or, if legally permissible, waived) or the Offers must lapse within 21 days of the Closing Date or of the date the Offers becomes or is declared unconditional as to acceptances, whichever is later. The latest date on which BGL can declare the Offers unconditional as to acceptances is 7:00 p.m. on the Long Stop Date.

If the Conditions are fulfilled (or, if legally permissible, waived), the Mirabell Shareholders will be notified by an announcement in accordance with the Takeovers Code and Listing Rules as soon as practicable thereafter.

FURTHER TERMS OF THE OFFERS

The Share Offer

To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer.

The completed and signed **WHITE** Form of Acceptance should then be forwarded, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand to the Receiving Agent, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, marked "**Mirabell Share Offer**" on the envelope, as soon as practicable after receipt of the Composite Document and in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may announce with the consent of the Executive.

The Option Offer

To accept the Option Offer, you should complete and sign the accompanying **PINK** Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer.

The completed and signed **PINK** Form of Acceptance should then be forwarded, together with the relevant certificate(s) of the Share Options stating the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand to the company secretary of Mirabell at 8/F, Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong, marked "**Mirabell Option Offer**" on the envelope, as soon as practicable after receipt of the Composite Document and in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may announce with the consent of the Executive.

SETTLEMENT OF THE OFFERS

The Share Offer

Provided that a valid **WHITE** Form of Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Receiving Agent no later than the latest time for acceptance (or such later time and/or date as the Offeror may announce with the consent of the Executive), a cheque for the amount due to each Mirabell Shareholder less seller's ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Share Offer will be despatched to the Mirabell Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days from the later of the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed **WHITE** Form of Acceptance and all relevant documents by the Receiving Agent from the Mirabell Shareholder accepting the Share Offer.

The Option Offer

Provided that a valid **PINK** Form of Acceptance and the relevant certificate(s) of the Share Options are complete and in good order in all respects and have been received by the company secretary of Mirabell no later than the latest time for acceptance (or such later time and/or date as the Offeror may announce with the consent of the Executive), a cheque for the amount due to each Mirabell Optionholder in respect of the Share Options surrendered by him/her under the Option Offer will be despatched to the Mirabell Optionholder by ordinary post at his/her own risk as soon as possible but in any event within 10 days from the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed **PINK** Form of Acceptance and all relevant documents by the company secretary of Mirabell from the Mirabell Optionholder accepting the Option Offer.

Settlement of the consideration to which any Mirabell Shareholder or Mirabell Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers (save in respect of the payment of seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which BGL may otherwise be, or claim to be, entitled against such Mirabell Shareholder or Mirabell Optionholder, as the case may be.

Hong Kong stamp duty

Hong Kong stamp duty at a rate of 0.1% of the amount of the consideration (rounded up to the nearest dollar) payable and calculated as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117, Laws of Hong Kong) will be deducted from the cash amount payable to the Mirabell Shareholders who accept the Share Offer. The Offeror will bear its own portion of stamp duty and will pay the seller's stamp duty so deducted to the Collector of Stamp Revenue on behalf of the accepting Mirabell Shareholders.

TAXATION

The Mirabell Shareholders and the Mirabell Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offers. It is emphasised that none of Mirabell, BGL or DBS or any of their respective directors or any persons involved in the Offers accepts responsibility for any tax effects on or liabilities of any person or persons as a result of their acceptance of the Offers.

The Composite Document does not include any information in respect of overseas taxation. Mirabell Shareholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdiction of owning and disposing of the Offer Shares.

CONNECTED TRANSACTIONS

Assuming the Offers were proceeded and based on the Share Offer Price of HK$6.00, pursuant to the Irrevocable Undertaking, BGL would, upon the Offers becoming or being declared unconditional in all respects, acquire from the Controlling Shareholders the 164,925,000 Offer Shares held by them at a total consideration of HK$989,550,000.

The Controlling Shareholders are connected persons of Belle under the Listing Rules. As such, the execution of the Irrevocable Undertaking and the Acquisition constitute connected transaction of Belle under the Listing Rules.

As the relevant applicable percentage ratios (as defined in Rule 14.04(9) of the Listing Rules) in respect of the aggregate Share Offer Price payable by BGL to Controlling Shareholders (i.e. HK$989,550,000) in respect of the 164,925,000 Offer Shares held by them will exceed 2.5%, the Acquisition and the entering into of the Irrevocable Undertaking will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to an extraordinary general meeting of Belle held on 11 April 2008, the independent shareholders of Belle have approved the Acquisition, the entering into of the Irrevocable Undertaking and the implementation of the transactions contemplated thereunder.

GENERAL

To ensure equality of treatment of all the Mirabell Shareholders, those Mirabell Shareholders who hold the Offer Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Offer Shares, whose investments are registered in nominee names, to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

Stockbrokers, banks and others who deal in relevant securities of the Offeree on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules pursuant to the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than HK$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

All documents and remittances sent to the Mirabell Shareholders and the Mirabell Optionholders by post will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Mirabell Shareholders and the Mirabell Optionholders at their addresses as they appear in the register of members of Mirabell or the register of Mirabell Optionholders (as the case may be), and in the case of joint Mirabell Shareholders, to the Mirabell Shareholder whose name appears first in the register of members of the Company, as applicable. None of BGL, Mirabell, DBS or any of their respective directors or any other person involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is also drawn to the accompanying Forms of Acceptance and the additional information set out in the appendices which form part of the Composite Document.

Yours faithfully,
For and on behalf of
DBS Asia Capital Limited
George Hongchoy
Managing Director

Yours faithfully,
For and on behalf of
DBS Asia Capital Limited
Yip Wei Mun
Senior Vice President

Mirabell International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1179

Executive Directors:
Tang Wai Lam (*Chairman and Managing Director*)
Ng Man Kit, Lawrence (*Deputy Managing Director*)
Chung Chun Wah
Leung Kelvin Yiu Fai

Independent non-executive Directors:
Lee Kin Sang
Chan Ka Sing, Tommy
Ng Chun Chuen, David

Non-executive Director:
Lee Kwan Hung

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

Head Office and Principal Place of Business:
8/F, Wyler Centre, Phase II
200 Tai Lin Pai Road
Kwai Chung
New Territories
Hong Kong

18 April 2008

To the Mirabell Shareholders and the Mirabell Optionholders

Dear Sir or Madam,

**Voluntary Conditional Cash Offer
by DBS Asia Capital Limited on behalf of
Belle Group Limited, a wholly-owned subsidiary of
Belle International Holdings Limited,
to acquire all shares in the share capital of
Mirabell International Holdings Limited and
to cancel all the outstanding share options**

1. INTRODUCTION

On 22 February 2008, a letter was sent by BGL (a wholly-owned subsidiary of Belle) to inform Mirabell that BGL is considering making a proposed voluntary conditional cash offer to acquire all of the issued and to be issued shares in the share capital, and for the cancellation of all the outstanding share options, of Mirabell.

Pursuant to the Joint Announcement, Belle, BGL and Mirabell jointly announced that it is proposed that DBS will, on behalf of BGL, make a voluntary conditional cash offer to acquire all of the issued and to be issued shares in the share capital, and for the cancellation of all the outstanding share options, of Mirabell.

Lee Kin Sang, Chan Ka Sing, Tommy and Ng Chun Chuen, David, all of whom are independent non-executive Mirabell Directors, have been appointed as members of the Mirabell IBC in respect of the Offers. Lee Kwan Hung, a non-executive Mirabell Director, is a partner of Woo, Kwan, Lee & Lo, the legal advisers as to Hong Kong laws of Mirabell and the Controlling Shareholders in relation to the Offers, and is therefore not considered to be independent under the Takeovers Code to opine on the terms of the Offers. First Shanghai Capital Limited has been approved by the Mirabell IBC to act as the independent financial adviser to advise the Mirabell IBC on the Offers.

The purpose of this Composite Document is to provide you with, among other matters, information relating to the Mirabell Group, the Offeror and the Offers as well as setting out the letter from the Mirabell IBC containing its recommendation to the Mirabell Shareholders and the Mirabell Optionholders in respect of the Offers and the letter from First Shanghai containing its advice to the Mirabell IBC in respect of the Offers.

2. THE OFFERS

Terms of the Offers

The Offers are being made on the following basis:

For each Offer Share . . . . **HK$6.00 in cash**

For each Share Option with an exercise price of HK$2.875 per Offer Share . . . . **HK$3.125 in cash**

For each Share Option with an exercise price of HK$5.896 per Offer Share . . . . **HK$0.104 in cash**

Details of the Offers, including the acceptance and settlement procedures, are set out in the letter from DBS on pages 10 to 23 of this Composite Document, Appendix I to this Composite Document and the accompanying Forms of Acceptance.

Comparisons of value

Under the Share Offer, the Share Offer Price represents:

	Share Price of Mirabell	Premium of the Share Offer Price to the Share Price	
	HK$	*HK$*	*%*
Closing price on the Latest Practicable Date	$5.80	$0.20	3.45%
Closing price on the Last Trading Date (being the last business and trading day prior to the commencement of the Offer Period)	$5.21	$0.79	15.16%
Average closing price for the last 5 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	$5.31	$0.69	12.99%
Average closing price for the last 10 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	$5.30	$0.70	13.21%
Average closing price for the last 30 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	$5.10	$0.90	17.65%
Average closing price for the last 60 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	$5.08	$0.92	18.11%
Average closing price as quoted on the Stock Exchange for the three months immediately prior to and including the Last Trading Date	$5.07	$0.93	18.34%
Average closing price as quoted on the Stock Exchange for the six months immediately prior to and including the Last Trading Date	$5.02	$0.98	19.52%

The Share Offer Price also represents a premium of approximately 18.81% over the consolidated shareholders equity per Offer Share of approximately HK$5.05 as at 28 February 2007 (based on the consolidated shareholders equity as at that date of approximately HK$1,284,327,000 and 254,530,000 Offer Shares in issue, as shown in the 2006/2007 annual report of Mirabell).

The Option Offer Price represents the difference between the exercise price of the respective Share Options and the Share Offer Price.

3. IRREVOCABLE COMMITMENTS

The Controlling Shareholders had on 28 February 2008 executed the Irrevocable Undertaking in favour of Belle and BGL, pursuant to which the Controlling Shareholders undertook to accept the Share Offer in respect of all the 164,925,000 Offer Shares collectively held by them as at the date of the Irrevocable Undertaking, representing in aggregate approximately 62.87% of the issued share capital of Mirabell as at the Latest Practicable Date.

The obligations of the Controlling Shareholders to accept the Share Offer shall lapse if (i) the Offers lapse or are being withdrawn or any Condition has been invoked; (ii) the Offers are materially altered in terms of the offer structure and/or which result in a material deviation from the terms and conditions of the Offers (excluding the increase of the cash offer price or extension of the Offer Period and/or amendments to the terms of the Offers which are customary or conventional in an offer of similar nature); or (iii) the Offer Document is not despatched upon the expiry of 145 days from the Joint Announcement Date.

Pursuant to the Irrevocable Undertaking, the Controlling Shareholders have undertaken to Belle and BGL that, prior to the closing, lapsing or withdrawal of the Offers: (i) they will not, without the consent of BGL, purchase or otherwise acquire any Share or any warrants, options, subscription rights or other rights to subscribe for, acquire or convert into the Shares or any interest therein or agree to do so nor will they permit or allow any person acting in concert with them (other than any person acting in concert with Belle or BGL) to do the same; and (ii) they will not, and will procure that none of their respective affiliates will, except pursuant to the Offers, sell, part with the possession, transfer, mortgage, charge, encumber, grant any option over or otherwise dispose of or permit the sale, transfer, mortgage, charge or other disposal of the Shares which they or any of their affiliates beneficially owns or over which they have control or any interest therein, or accept any other offer in respect of all or any of the same.

4. INFORMATION ON THE MIRABELL GROUP

Mirabell was incorporated in the Cayman Islands on 12 July 1996 as an exempted company with limited liability under the Companies Law. Mirabell was listed on the Main Board of the Stock Exchange on 6 December 1996, trading under the stock code 1179. The Mirabell Group is principally engaged in the retailing, wholesaling and manufacturing of footwear.

The audited consolidated net asset value of Mirabell was approximately HK$1,284,327,000 as at 28 February 2007. Mirabell recorded an audited consolidated net profit before tax and extraordinary items attributable to Mirabell Shareholders of approximately HK$71,888,000 and HK$116,777,000 for each of the years ended 28 February 2006 and 28 February 2007, respectively. Mirabell recorded an audited consolidated net profit after tax and extraordinary items attributable to Mirabell Shareholders of approximately HK$65,497,000 and HK$105,462,000 for each of the years ended 28 February 2006 and 28 February 2007, respectively.

Your attention is drawn to the financial information and general information of the Mirabell Group set out in Appendices II and III to this Composite Document respectively.

Tang's Enterprises Limited, being a controlling shareholder of Mirabell, is an investment company incorporated in the BVI and is wholly-owned by Rich Land Property Limited, Kinlington Agents Limited and Mosman Associates Limited collectively. Each of Rich Land Property Limited, Kinlington Agents Limited and Mosman Associates Limited is an investment company incorporated in the BVI. Each of Rich Land Property Limited, Kinlington Agents Limited and Mosman Associates Limited is wholly-owned by a discretionary trust founded by Tang Wai Lam,Tang Keung Lam and Tso Lai Kuen, respectively. As at the Latest Practicable Date, the Controlling Shareholders were together interested in and had control over 164,925,000 Offer Shares, representing approximately 62.87% of the issued share capital of Mirabell.

5. INTENTION OF THE OFFEROR REGARDING THE MIRABELL GROUP

Your attention is drawn to the section headed "Intentions in relation to Mirabell" in the letter from the BGL Board and the section headed "Intentions in relation to Mirabell" in the letter from DBS.

The Mirabell Shareholders should note that the Offeror has stated that, in the event valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as BGL may, subject to the rules of the Takeovers Code, decide) in respect of at least 90% of the Disinterested Shares, it intends to exercise the right under section 88 of the Companies Law to compulsorily acquire those Offer Shares not acquired by BGL under the Share Offer.

6. ADDITIONAL INFORMATION

Tang Wai Lam and the entities controlled by him, being Tang's Enterprises Limited and Rich Land Property Limited, have undertaken to accept the Share Offer pursuant to the Irrevocable Undertaking. The other Mirabell Directors intend to accept the Offers in respect of their own respective beneficial shareholdings. Mirabell will make an announcement when there are any changes to such Mirabell Directors' intention regarding acceptance of the Offers.

Your attention is drawn to the letter from the Mirabell IBC and the letter from First Shanghai which set out their recommendations and opinions in relation to the Offers and the principal factors considered by them before arriving at their recommendations. You are also advised to read this Composite Document and the accompanying Forms of Acceptance in respect of the acceptance and settlement procedures of the Offers.

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

Mirabell International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1179

18 April 2008

To the Mirabell Shareholders and the Mirabell Optionholders

Dear Sir or Madam,

Voluntary Conditional Cash Offer by DBS Asia Capital Limited on behalf of Belle Group Limited, a wholly-owned subsidiary of Belle International Holdings Limited, to acquire all shares in the share capital of Mirabell International Holdings Limited and to cancel all the outstanding share options

INTRODUCTION

We refer to the composite offer and response document (the "Composite Document") dated 18 April 2008 jointly issued by Belle Group Limited and Mirabell International Holdings Limited, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

We have been appointed as members of the Mirabell IBC to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the Mirabell Shareholders and the Mirabell Optionholders are concerned.

First Shanghai Capital Limited has been appointed as the independent financial adviser to the Mirabell IBC to advise us in respect of the terms of the Offers. Details of its advice and principal factors taken into consideration in arriving at its recommendation are set out in the letter from First Shanghai contained in the Composite Document. First Shanghai considers that the terms of the Offers are fair and reasonable so far as the Mirabell Shareholders and Mirabell Optionholders are concerned, and advise us to recommend the Mirabell Shareholders and the Mirabell Optionholders to accept the Offers.

RECOMMENDATION

Having taken into account the terms of the Offers and the advice of First Shanghai, we consider that the terms of the Offers are fair and reasonable so far as the Mirabell Shareholders and the Mirabell Optionholders are concerned and, accordingly, we recommend the Mirabell Shareholders and the Mirabell Optionholders that they should consider accepting the Offers.

Notwithstanding our recommendation, the Mirabell Shareholders and the Mirabell Optionholders should consider carefully the terms of the Offers.

Yours faithfully,
The Independent Board Committee
Lee Kin Sang **Chan Ka Sing, Tommy** **Ng Chun Chuen, David**
Independent non-executive directors

The following is the text of a letter of advice to the Mirabell IBC from First Shanghai in respect of the Offers prepared for the purpose of incorporation in the Composite Document.

第一上海
FIRST SHANGHAI GROUP

FIRST SHANGHAI CAPITAL LIMITED
19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

18 April 2008

To the Independent Board Committee of Mirabell International Holdings Limited

Dear Sir or Madam,

Voluntary Conditional Cash Offer by DBS Asia Capital Limited on behalf of Belle Group Limited, a wholly-owned subsidiary of Belle International Holdings Limited, to acquire all shares in the share capital of Mirabell International Holdings Limited and to cancel all the outstanding share options

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Mirabell IBC, the Mirabell Shareholders and the Mirabell Optionholders in respect of the fairness and reasonableness of the terms of the Offers. Details of the Offers are set out in the Composite Document jointly issued by the Offeror and Mirabell dated 18 April 2008, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

Pursuant to Rule 2.1 of the Takeovers Code, the Mirabell IBC, comprising the independent non-executive Mirabell Directors, namely, Mr. Lee Kin Sang, Mr. Chan Ka Sing, Tommy and Mr. Ng Chun Chuen, David, was established to advise the Mirabell Shareholders and the Mirabell Optionholders in relation to the Offers. Mr. Lee Kwan Hung, a non-executive Mirabell Director, is a partner of Woo, Kwan, Lee & Lo, the legal advisers as to Hong Kong laws of Mirabell and the Controlling Shareholders in relation to the Offers and is therefore not considered to be independent under the Takeovers Code to give any advice or recommendation in relation to the terms of the Offers.

Our role, as the independent financial adviser to the Mirabell IBC is to give an independent opinion as to whether the Offers are fair and reasonable so far as the Mirabell Shareholders and the Mirabell Optionholders are concerned.

In May 2007, First Shanghai Securities Limited, our fellow subsidiary, was an underwriter in relation to the listing of Belle and received a fee, being less than 0.4% of the audited total turnover of First Shanghai Investments Limited, our parent company, for the year ended 31 December 2006; and in September 2007, Draco Equity Investment Limited, our fellow subsidiary which is principally engaged in securities investment, bought 250,000 shares of Belle which represented about 0.003% of the total issued share capital of Belle, and all such shares were sold in December 2007. Apart from the above, which we consider would not be likely to create, or create the perception of, a conflict of interest or reasonably likely to affect the objectivity of our advice, First Shanghai is not connected with the directors, chief executive and substantial shareholders of Mirabell and Belle or any of their subsidiaries or their respective associates. Therefore, we are considered suitable to give independent advice to the Mirabell IBC. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from Mirabell or the directors, chief executive and substantial shareholders of Mirabell or any of its subsidiaries or their respective associates.

In formulating our opinion and recommendations, we have relied on the accuracy of the information and representations contained in the Composite Document and have assumed that all information and representations made or referred to in the Composite Document as provided by the Mirabell Directors and/or the Offeror were true at the time they were made and continue to be true as at the date of the Composite Document. We have also relied on our discussions with the Mirabell Directors regarding Mirabell and the Offers, including the information and representations contained in the Composite Document. We have also assumed that all statements of belief, opinion and intention made by the Mirabell Directors and the Offeror respectively in the Composite Document were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us or that any material facts have been omitted or withheld. We have not, however, conducted an independent investigation into the businesses, affairs or prospects of the Mirabell Group, the Offeror, Belle and their respective associates nor have we carried out any independent verification of the information supplied.

We have not considered the tax implications on the Mirabell Shareholders and the Mirabell Optionholders of their acceptances or non-acceptances of the Offers since these are particular to their own individual circumstances. In particular, the Mirabell Shareholders and the Mirabell Optionholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offers and, if in any doubt, should consult their own professional advisers.

BACKGROUND TO AND THE TERMS OF THE OFFERS

The Offeror, Belle and Mirabell jointly announced on 28 February 2008 that DBS, on behalf of the Offeror, subject to the approval of the Acquisition by the independent shareholders of Belle pursuant to an ordinary resolution passed at the extraordinary general meeting (the "Pre-Condition"), intended to make a voluntary conditional cash offer to acquire all of the issued and to be issued shares in the share capital of Mirabell, and for the cancellation of all the outstanding share options. The Pre-Condition was satisfied on 11 April 2008.

The Controlling Shareholders had on 28 February 2008 executed the Irrevocable Undertaking in favour of Belle and BGL pursuant to which the Controlling Shareholders undertook to accept the Share Offer in respect of all the 164,925,000 Offer Shares collectively held by them as at the date of the Irrevocable Undertaking, representing in aggregate approximately 62.87% of the issued share capital of Mirabell as at the Latest Practicable Date.

As at the Latest Practicable Date, there are 262,320,000 Offer Shares in issue and outstanding Share Options that carry rights to subscribe for an aggregate of 16,420,000 Offer Shares, of which 13,250,000 are at an exercise price of HK$2.875 per Offer Share and 3,170,000 are at an exercise price of HK$5.896 per Offer Share. Other than the Share Options, Mirabell has no other options, warrants or other securities that carry a right to subscribe for or which are convertible into Offer Shares. The Offeror confirms that the Offeror and the parties acting in concert with it had no interests in the Shares nor did they have any interests in outstanding warrants or options or derivatives or securities convertible into Shares as at the Latest Practicable Date save for having been given the Irrevocable Undertaking by the Controlling Shareholders.

The consideration for the Offers is as follows:

For each Offer Share . . . . .HK$6.00 in cash

For each Share Option of exercise price of HK$2.875 . . . . .HK$3.125 in cash

For each Share Option of exercise price of HK$5.896 . . . . .HK$0.104 in cash

The Option Offer Price represents the difference between the exercise price of the respective Share Options and the Share Offer Price.

Further terms and conditions of the Offers, including the procedures for acceptance, are set out in the Composite Document.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions and recommendations relating to the terms of the Offers, we have taken into consideration the following principal factors and reasons:

I. **The Share Offer**

1. ***Offer price for the Shares***

The Share Offer Price of HK$6.00 in cash per Offer Share represents:

(i) a premium of approximately 15.16% over the closing price of HK$5.21 per Offer Share as quoted on the Stock Exchange on the Last Trading Date;

(ii) a premium of approximately 12.99% over the average closing price for the last 5 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date, being approximately HK$5.31 per Offer Share;

(iii) a premium of approximately 13.21% over the average closing price for the last 10 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date, being approximately HK$5.30 per Offer Share;

(iv) a premium of approximately 17.65% over the average closing price for the last 30 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date, being approximately HK$5.10 per Offer Share;

(v) a premium of approximately 18.11% over the average closing price for the last 60 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date, being approximately HK$5.08 per Offer Share;

(vi) a premium of approximately 18.34% over the average closing price as quoted on the Stock Exchange for the three months immediately prior to and including the Last Trading Date, being approximately HK$5.07 per Offer Share;

(vii) a premium of approximately 19.52% over the average closing price as quoted on the Stock Exchange for the six months immediately prior to and including the Last Trading Date, being approximately HK$5.02 per Offer Share;

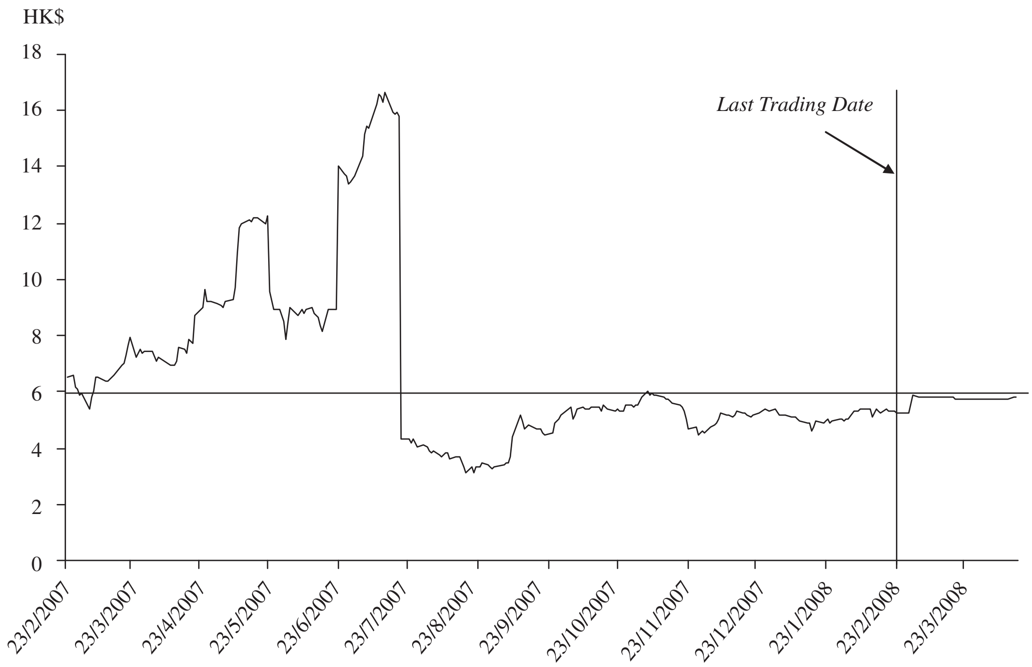
(viii) a premium of approximately 3.45% over the closing price of HK$5.80 per Offer Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(ix) a premium of approximately 18.81% over the audited net asset value of approximately HK$5.05 per Offer Share based on the audited net asset value as at 28 February 2007 of approximately HK$1,284,327,000 and 254,530,000 Shares in issue, as set out in the annual report for the year ended 28 February 2007 of Mirabell.

1.1 *Historical price performance and liquidity of the Shares*

Share price performance

The following chart shows the closing price of the Shares traded on the Stock Exchange from 23 February 2007 to the Last Trading Date (being the 12-month period ending on the Last Trading Date) (both dates inclusive) (the "Review Period"), and from 29 February 2008, the first day of trading after the publication of the Joint Announcement, up to the Latest Practicable Date (both dates inclusive) (the "Post Announcement Period"):



Source: www.hkex.com.hk

We summarize below the highest and the lowest closing prices of the Shares during the Review Period and the Post Announcement Period:

Month/period	Highest closing price during the month/period	Lowest closing price during the month/period	Closing price at the end of the month/period
	HK$	*HK$*	*HK$*
2007			
February (since 23 February 2007)	6.59	6.07	6.07
March	7.95	5.39	7.45
April	9.63	6.95	9.15
May	12.26	7.88	8.42
June	14.06	8.12	13.68
July	16.68	4.02	4.02
August	3.93	3.14	3.36
September	5.20	3.38	5.20
October	5.55	5.05	5.55
November	6.00	4.44	4.54
December	5.40	4.78	5.40
2008			
January	5.20	4.63	5.00
February	5.86	5.05	5.86
March	5.82	5.71	5.71
April (up to and including the Latest Practicable Date)	5.80	5.72	5.80

Source: www.hkex.com.hk

During the Review Period, the closing prices of the Shares fluctuated within a range between HK$3.14 to HK$16.68 per Share. On 9 May 2007, Mirabell announced that immediately after the completion of the global offering of the shares in Belle ("Belle Shares"), Mirabell would have an attributable interest in Belle of around 4.4% to 4.6%. On 21 June 2007, Mirabell announced a proposed distribution in specie of the Belle Shares to be received by it. The closing prices of the Shares went up until it reached its peak of HK$16.68 on 13 July 2007. The board of Mirabell Directors announced on 20 July 2007 that it was not aware of any reasons for such increases. We believe the news stimulated the trading prices of the Shares. Mirabell distributed in specie the Belle Shares to its shareholders after the annual general meeting held on 27 July 2007.

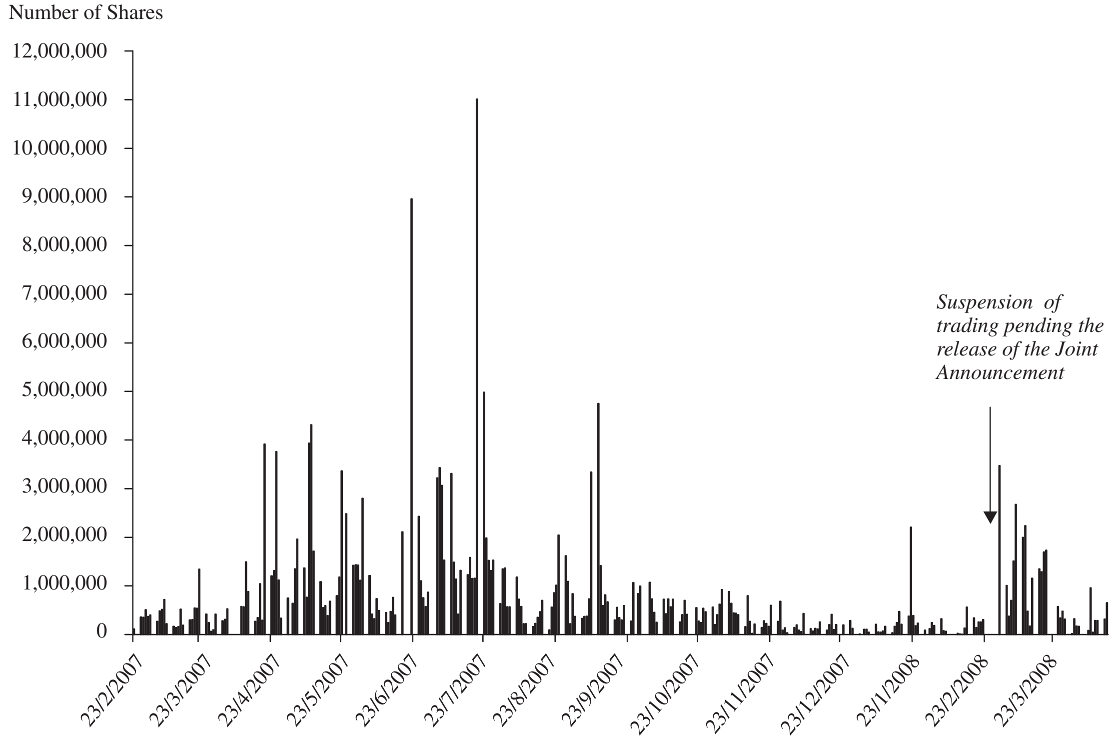
Since then, the closing prices of the Shares fluctuated within the range between HK$3.14 to HK$6.00 per Share. The Share Offer Price of HK$6.00 generally represents a premium over the closing prices of the Shares from the period after the distribution in specie was approved in July 2007 up to and including the Last Trading Date. During the said period, the closing price of the Shares was particularly higher in October and November 2007 which might be due to the prosperity of the stock market. Further, the interim results of the Mirabell Group for the six months ended 31 August 2007 were released on 22 November 2007. An interim dividend in respect of such interim results of HK$0.025 per Share was declared at the same time and the stock price of the Shares boosted.

Given the historical price performance of the Shares and the premium of the Share Offer Price offered over the closing prices of the Shares for the six months immediately prior to and including the Last Trading Date, we are of the view that the Share Offer Price is fair and reasonable and is in the interest of the Mirabell Shareholders.

The trading of the Shares resumed on 29 February 2008, after which and up to the Latest Practicable Date, the closing prices of the Shares were within a range of HK$5.71 and HK$5.86. The highest closing price of the Shares after the resumption of trading of the Shares was HK$5.86 on 29 February 2008, which was approximately 12.5% higher than the closing price of the Shares of HK$5.21 on the Last Trading Date. The upsurge might reflect the market response on the Offers but it is uncertain that the trading prices of the Shares can be sustainable at such level. Mirabell Shareholders should note that if the net proceeds of sale of the Offer Shares in the open market would exceed the amount receivable under the Share Offer prior to the close of the Share Offer, Mirabell Shareholders who wish to realize all or part of their holdings of the Offer Shares may sell such shares in the open market.

Liquidity

The following chart sets out the daily turnover of the Shares on the Stock Exchange during the Review Period:



Source: www.hkex.com.hk

The highest, lowest and average daily turnover of the Shares during the Review Period and the Post Announcement Period and the percentage of average daily turnover as compared with the total number of Shares in issue and the total number of Shares held by Mirabell Shareholders other than the Controlling Shareholders as at the Latest Practicable Date were tabulated below:

Month/period	**Highest daily turnover** *(Number of Shares)*	**Lowest daily turnover** *(Number of Shares)*	**Average daily turnover** *(Number of Shares)*	**Percentage of average daily turnover to total number of Shares in issue as at the Latest Practicable Date** *(Note 1)* *(%)*	**Percentage of average daily turnover to total number of Shares held by shareholders other than the Controlling Shareholders as at the Latest Practicable Date** *(Note 2)* *(%)*
2007					
February (since 23 February 2007)	508,000	116,000	334,000	0.13	0.34
March	1,346,000	68,000	384,668	0.15	0.39
April	3,918,000	268,000	1,055,556	0.40	1.08
May	4,314,000	390,000	1,552,000	0.59	1.59
June	8,962,000	244,000	1,395,778	0.53	1.43
July	11,012,000	418,000	2,303,619	0.88	2.37
August	2,044,000	98,000	698,087	0.27	0.72
September	4,750,000	276,000	982,747	0.37	1.01
October	1,076,000	202,000	510,952	0.19	0.52
November	922,000	26,000	385,355	0.15	0.40
December	430,000	10,000	170,737	0.07	0.18
2008					
January	2,208,000	2,000	263,909	0.10	0.27
February (up to and including the Last Trading Date)	564,000	8,000	193,000	0.07	0.20
February (the date of resumption of trading on 29 February 2008)	3,470,000	3,470,000	3,470,000	1.32	3.56
March	2,672,704	18,000	1,058,879	0.40	1.09
April (up to and including the Latest Practicable Date)	962,000	50,000	331,400	0.13	0.34

Source: www.hkex.com.hk

Notes:

1. Based on 262,320,000 Shares in issue as at the Latest Practicable Date

2. Based on 97,395,000 Shares held by the Mirabell Shareholders other than the Controlling Shareholders as at the Latest Practicable Date

3. Trading of the Shares was suspended from 25 February 2008 to 28 February 2008 (both days inclusive)

As illustrated in the above table, the trading volume of the Shares was generally thin across the Review Period, except for the month of July 2007 and 29 February 2008, the day immediately after the announcement of Share Offer, during which the percentage of average daily turnover to total number of the Shares held by the Mirabell Shareholders other than the Controlling Shareholders exceeded 2% and 3% respectively. In addition, the percentage of average daily turnover to total number of the Shares in issue ranged from 0.07% to 0.88% during the Review Period. Given the relatively thin trading volume of the Shares, it may be difficult for Mirabell Shareholders with significant holdings in the Shares to realize their investments in the market without putting downward pressure on the market price of the Shares. In this regard, we consider that the Share Offer provides an opportunity for the Mirabell Shareholders to realize their investments in the Shares.

1.2 *Comparable companies analysis*

In assessing the fairness of the Share Offer Price, we have identified four companies which (i) are listed on the Stock Exchange; (ii) are principally engaged in footwear retail business in Hong Kong and/or the PRC; and (iii) generated positive earnings based on the respective latest published annual reports ("Comparable Companies"):

Company (Stock code)	**Market capitalization as at the Last Trading Date** *(HK$' million)*	**Price earnings multiple ("P/E")** *(times)* *(Note 1)*	**Price to net asset value ratio ("P/B")** *(times)* *(Note 2)*
Prime Success International Group Limited (210)	7,173.97	24.60	6.22
Le Saunda Holdings Limited (738)	702.09	6.64	0.95
Walker Group Holdings Limited (1386)	1,587.38	19.12	2.06
Belle (1880)	77,660.26	72.96	6.33
Comparable Companies other than Belle	High	24.60	6.22
	Low	6.64	0.95
	Average	16.79	3.08
Mirabell	1,366.69	33.15 *(Note 3)*	3.03 *(Note 4)*

Source: www.hkex.com.hk

Notes:

1. P/E is defined as the closing prices of the Comparable Companies as at the Last Trading Date over their respective earnings per share ("EPS") as per the latest published annual reports of the Comparable Companies available as at the Last Trading Date.

2. P/B is defined as the closing prices of the Comparable Companies as at the Last Trading Date over the net asset value per share of the Comparable Companies as per the latest published financial reports of the Comparable Companies available as at the Last Trading Date.

3. Based on (i) the audited consolidated net profit after tax attributable to the Mirabell Shareholders of approximately HK$105,462,000; (ii) the share of profit of an associate of approximately HK$58,002,000 (representing the share of profits by Mirabell through its holding in an associate which included an one-off gain shared by Mirabell, details of which have been set out in the annual report for the year ended 28 February 2007 of Mirabell) for the financial year ended 28 February 2007 was deducted from the profit mentioned in (i). The resultant HK$47,460,000 adjusted net profit represents the core earnings of Mirabell Group's operation; and (iii) the total number of 262,320,000 Shares in issue as at the Last Trading Date, the EPS of the Mirabell Group is about HK$0.181. Based on the EPS of HK$0.181, the Share Offer Price represents a P/E of about 33.15 times.

4. Based on the unaudited net asset value of the Mirabell Group of approximately HK$518,578,000 as at 31 August 2007 and the total number of 262,320,000 Shares in issue as at the Last Trading Date, the net asset value per Share is about HK$1.977. Based on net asset value per Share of HK$1.977, the Share Offer Price represents a P/B of about 3.03 times.

Price earnings multiple

Price earnings multiple is one of the most commonly used benchmarks in evaluating a listed company based on its historical earnings. With reference to the above table, the market capitalization of Belle is substantially higher than that of the rest of the comparable companies, we therefore exclude Belle when making comparisons of the P/E and the P/B.

As shown, the P/E of the Comparable Companies (other than Belle) ranges from 6.64 times to 24.60 times, with an average of approximately 16.79 times. The P/E of Mirabell (calculated by the adjusted profit as mentioned in note 3 above) implied by the Share Offer Price of 33.15 times is above the range and the average set by the Comparable Companies (other than Belle).

Price to net asset value ratio

As an additional reference, we have also reviewed the P/B implied under the Share Offer Price with that of the Comparable Companies (other than Belle). As shown in the above table, the P/B of the Comparable Companies (other than Belle) ranges from 0.95 times to 6.22 times, with an average of 3.08 times. The P/B implied by the Share Offer Price of 3.03 times is within the range of the P/B of the Comparable Companies (other than Belle) and close to the average P/B of the Comparable Companies (other than Belle).

We wish to highlight that the above comparison with the Comparable Companies is for illustrative purpose only as each of the Comparable Companies may not be entirely comparable to the Group in terms of the scale of operations, asset base, risk profile, track record, composition of their business activities, future prospects and other relevant criteria. All these factors may affect the valuation of a company as indicated by the varied range of result in our comparison. Therefore, in forming our opinion, we have considered the results of the above comparison together with all other factors stated in this letter as a whole.

1.3 *Comparison with precedent privatizations and voluntary offers*

We note that it is the intention of Belle to privatize Mirabell. In order to further assess the Share Offer Price, we have identified, to the best of our knowledge and based on the information from the website of the Stock Exchange, all of the recent general offers (involving voluntary cash offers and privatisation proposals) announced by the companies that are listed on the Stock Exchange ("Comparable Offers") since 23 February 2007, being the first day of the 12-month period ending on the Last Trading Date, to the Latest Practicable Date, details of which are set out as follows:

				Premium over			
Company (Stock code)	**Principal activities**	**Date of announcement**	**Offer price per share**	**The closing price on the last trading day prior to the date of announcement**	**The average closing price for the last 5 trading days as quoted immediately prior to and including the respective last trading day**	**The average closing price for the last 10 trading days as quoted immediately prior to and including the respective last trading day**	**The net asset value per share**
			(HK$)	*(%)*	*(%)*	*(%)*	*(%)* *(Note 1)*
Voluntary cash offer							
Baltrans Holdings Limited (562)	Provision of air and sea freight forwarding services, exhibition forwarding and household removal services and third party logistics	19 December 2007	7.60	40.74	44.49	46.89	284.33
Privatization							
Shimao International Holdings Limited (649)	Property development, property investment and hotel operation	19 April 2007	1.05	50.00	49.15	49.36	38.16
Lei Shing Hong Limited (238)	Trading of motor vehicles, spare parts and heavy equipment, property development and investment, financial services, and general trading and services	7 December 2007	10.00	88.68	82.55	95.20	84.24
Pacific Century Premium Developments Limited (432) *(Note 2)*	Property development and investment	13 February 2008	2.85	26.10	27.80	26.61	2.52
			High	88.68	82.55	95.20	284.33
			Low	26.10	27.80	26.61	2.52
			Average	51.38	51.00	54.52	102.31

Company (Stock code)	Principal activities	Date of announcement	Offer price per share	Premium over: The closing price on the last trading day prior to the date of announcement	The average closing price for the last 5 trading days as quoted immediately prior to and including the respective last trading day	The average closing price for the last 10 trading days as quoted immediately prior to and including the respective last trading day	The net asset value per share
			(HK$)	*(%)*	*(%)*	*(%)*	*(%)* *(Note 1)*
Mirabell		28 February 2008	6.00	15.16	12.99	13.21	203.49

Sources: www.hkex.com.hk and Bloomberg

Notes:

1. Net asset value per share is based on latest published financial information of the respective companies available prior to the respective announcement divided by the total number of shares in issue as at the respective latest practicable date for the offer document.

2. The transactions are still in progress as at the Latest Practicable Date.

As shown in the above table, the premium of the offer price of the Comparable Offers over the closing price on the last trading day prior to the relevant announcement ranged from approximately 26.10% to 88.68%, with a mean of approximately 51.38%. Although the premium of the Share Offer Price to the closing price of the Offer Shares on the Last Trading Date of approximately 15.16% is out of the range and below the mean represented by the Comparable Offers, we are of the view that such offer is justifiable due to the recent downturn of the stock market. Since Hang Seng Index reached its record high at around 32,000 points in October 2007, it has been in a downtrend and arrived at around 22,000 points in February 2008. Nevertheless, the Share Offer Price still represents a premium over the closing price of the Offer Shares on the Last Trading Date, the average closing price for the last 5 trading days as well as the average closing price for the last 10 trading days. This provides the Mirabell Shareholders an opportunity to realize their investment in the market without putting downward pressure on the market price of the Shares.

In addition, the premium of relevant offer price over net asset value per share of respective Comparable Offers ranged from approximately 2.52% to approximately 284.33%, with a mean of approximately 102.31%. The Share Offer Price is at a premium of approximately 203.49% over net asset value per Share, which is within such range and substantially higher than the average premium.

It should however be noted that (1) the nature of business of the companies in the Comparable Offers are different from the business of the Mirabell Group; and (2) the fundamental factors of each company in the Comparable Offers are different, which might result in different extent of premium over the relevant closing share price and net asset value per share, we consider that the above comparison table can only provide a general reference to the Mirabell Shareholders of the offer prices of the general offers involving voluntary cash offers and privatization proposals announced recently but should not be used in isolation in determining the fairness and reasonableness of the Share Offer Price.

2. ***Business and financial performance and prospects of the Mirabell Group***

Mirabell was incorporated in the Cayman Islands in July 1996 and was listed on the Stock Exchange in December of the same year. The Mirabell Group is principally engaged in retailing, wholesaling and manufacturing of footwear. It is currently the exclusive footwear distributor of the US brands of Caterpillar, Merrell, Royal Elastics and Sebago; Italian brand of Geox; and UK brand of Gola in Hong Kong and Macau Special Administrative Region ("Macau") and/or the Mainland China.

As at 31 March 2008, the Mirabell Group operates 115 retail outlets in Hong Kong and Macau under the brands of Mirabell, Joy & Peace, Fiorucci, Inshoesnet and Geox; 217 retail outlets under the brands of Mirabell, Joy & Peace, Innet, Caterpillar, Merrell, Fiorucci and Kokopelli, and 144 franchised retail outlets under the brands of Joy & Peace in Mainland China respectively; and 18 retail outlets in Taiwan under the brand of Fiorucci.

Set out below is a summary of the financial performance of the Mirabell Group for the six months ended 31 August 2007 and 2006 and for the two years ended 28 February 2007:

	For the six months ended 31 August		**For the year ended 28 February**	
	2007	**2006**	**2007**	**2006**
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	454,006	418,312	934,225	866,238
Gross profit	279,898	247,898	556,722	505,853
Profit attributable to equity holders of Mirabell	3,404,675	69,986	105,462	65,497
Appropriation				
- Cash dividend	6,558	3,818	3,818	47,088
- Distribution in specie	3,459,654	—	—	—

For the six months ended 31 August 2007, the Mirabell Group recorded a turnover of HK$454.0 million, representing an increase of approximately 9% when compared with the corresponding period in 2006. Such increase in turnover was attributable to the steady performance of the Hong Kong and Macau market. Of the total revenue, approximately 66% was generated from the Hong Kong and Macau market, 31% was generated from the Mainland China market and the remaining 3% was generated from the Taiwan market.

The increase in the profit attributable to equity holders for the six months ended 31 August 2007 was mainly due to the realization of available-for-sale financial assets reserve and the increase in share of profit of an associate. In May 2007, Best Quality Investments Limited ("Best Quality"), a company incorporated in Samoa and an associate of Mirabell, in which Mirabell holds 30% interest, declared an interim dividend of which the Mirabell Group received HK$21 million in cash. In addition, Best Quality declared a distribution in specie of all the 1.25 billion Belle Shares held by it to its shareholders. Accordingly, Mirabell received 375 million Belle Shares from Best Quality. The Mirabell Group has derived a profit of approximately HK$3.1 billion, representing the share of the realization of the cumulated gain on the increase in fair value of available-for-sale financial assets held by an associate. In August 2007, Mirabell distributed in specie 71 Belle Shares for every 50 shares of Mirabell held to the Mirabell Shareholders.

For the year ended 28 February 2007, the Mirabell Group recorded a turnover of approximately HK$934.2 million, representing an increase of approximately 8% when compared to the previous financial year ended 28 February 2006. Of the total revenue, approximately 64% was generated from the Hong Kong and Macau market, 33% was generated from the Mainland China market and the remaining 3% was generated from the Taiwan market. The increase of turnover was mainly contributed by the increase in revenue in the Mainland China market of approximately 20%, while the increase in revenue contributed by the Hong Kong and Macau market was approximately 1% only, when compared to the previous financial year.

As noted from the annual report for the year ended 28 February 2007, the gross profit margin of the retail business recorded an increase owing to the improved sales of exclusive international brand products. However, the increased gross profit margin was nearly offset by high rental and operational costs. The increase in the profit attributable to equity holders for the year ended 28 February 2007 when compared to the year ended 28 February 2006 was mainly due to the increase in share of profit of Best Quality of approximately HK$38.3 million.

Set out below is a summary of the assets and liabilities of the Mirabell Group as at 31 August 2007, 28 February 2007 and 28 February 2006:

	As at 31 August 2007 *(unaudited)* *HK$'000*	As at 28 February 2007 *(audited)* *HK$'000*	As at 28 February 2006 *(audited)* *HK$'000*
Assets and liabilities			
Total assets	661,649	1,449,446	604,508
Total liabilities	143,071	165,119	166,445
Total equity	518,578	1,284,327	438,063

The decrease of the consolidated net asset value of the Mirabell Group as at 31 August 2007 when compared to that at 28 February 2007 is mainly due to the decrease in the balance of interest in an associate as a result of the distribution in specie by Mirabell as mentioned above. As at 31 August 2007, the available-for-sale financial assets consisted mainly of 2,505,600 Belle Shares and were valued at the fair value. It is stated in the interim report for the six months ended 31 August 2007 that Mirabell intended to dispose of the Belle Shares in an orderly manner.

As at 31 August 2007, the Mirabell Group had bank balances and cash of HK$161 million and did not have any outstanding bank borrowings.

The increase of the consolidated net asset value of the Mirabell Group as at 28 February 2007 when compared to that at 28 February 2006 is mainly due to the revaluation of the fair market value of Best Quality.

Prospects

It is noted in Mirabell's interim report for the six months ended 31 August 2007 and annual reports for the two years ended 28 February 2007 that the Mirabell Directors remain optimistic about the long-term growth prospects of the Mirabell Group. Based on the annual report for the year ended 28 February 2007, the Mirabell Directors expected that the stock market, the unemployment rate and the individual's incomes would continue to have impact on consumer spending in the local market and considered that the Mirabell Group has been facing keen market competition and the surge of the rental and operational costs. They also expected that the consumer spending power in Mainland China would continue to grow. The Mirabell Group would reinforce brand development, pursue product quality improvement and customer service excellence. We noted that the gross profit margin of the Mirabell Group has been improved in the six months ended 31 August 2007 and in the financial year ended 28 February 2007 when compared to that in the corresponding periods in 2006. With the extensive experience in the footwear industry, we consider that the Mirabell Group will remain competitive in the major markets that it operates.

3. ***Intention of the Offeror regarding the Mirabell Group and the listing status of Mirabell***

The Offeror is a limited liability company incorporated in the BVI and its principal activity is to act as an investment holding company. The ultimate controlling shareholder of the Offeror is Belle whose shares are listed on the Stock Exchange. The principal activities of Belle and its subsidiaries are manufacturing, distribution and sale of ladies' and men's footwear, and distribution and sale of sportswear and apparel in the PRC, Hong Kong, Macau and the United States of America.

As stated in the section headed "Intentions in relation to Mirabell" in the "Letter From the BGL Board" in this Composite Document, the Offeror intends to continue the Mirabell Group's business of retailing, wholesaling and manufacturing of footwear in the PRC, Hong Kong, Macau and Taiwan. The Offeror has no intention to put forward any major changes to the existing business of the Mirabell Group, following the completion of the Offers other than in its ordinary course of business and there is no existing plan for assets injection or disposal of or re-deployment of the fixed assets of the Mirabell Group. It is the Belle Group's corporate development strategy to put emphasis on developing mid-range to high-end leisure footwear business. Belle considers that the branded footwear products sold and distributed by the Mirabell Group fall into the price range between US$60 to US$300, a market segment which have huge growth potential in the PRC. Belle believes that the acquisition of Mirabell through the implementation of the Offers will complement each other's current footwear business.

Mirabell Shareholders should note that it is the intention of the Offeror to compulsorily acquire those Offer Shares not acquired by the Offeror under the Share Offer if it acquires at least 90% of the Disinterested Shares ("Compulsory Acquisition Condition") by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide), and then proceed to make an application to withdraw the listing of the Shares from the Stock Exchange. With the Irrevocable Undertaking (accounting for approximately 62.87% of the issued share capital of Mirabell) given by the Controlling Shareholders, the Offeror will only be required to obtain an additional acceptances of (i) 71,163,000 Shares assuming no Share Options are being exercised; and (ii) 85,941,000 Shares (on a fully diluted basis assuming all of the Share Options are exercised in full), for it to satisfy the Compulsory Acquisition Condition.

In the event that the compulsory acquisition rights are not available to the Offeror and the Offers close, if less than 25% of the Offer Shares are held by the public, the Offeror and Mirabell undertake to take appropriate steps to ensure that the minimum public float requirement under the Listing Rules is complied with by Mirabell.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular:

(i) the Share Offer Price is at or above the closing prices of the Shares for the six months immediately prior to and including the Last Trading Date;

(ii) the trading volume of the Offer Shares was very thin during the Review Period with average daily trading volume of less than 1% of the total number of the Offer Shares in issue as at the Latest Practicable Date;

(iii) Mirabell Shareholders would unlikely be able to sell a large number of their Shares in the market without depressing the market price of the Shares. The Share Offer as such represents an alternative for Mirabell Shareholders to realize their investments;

(iv) the adjusted P/E multiple implied by the Share Offer Price is above the range of the P/E multiples of the Comparable Companies (other than Belle); and

(v) the P/B ratio represented by the Share Offer Price is within the range and close to the average P/B of the Comparable Companies (other than Belle),

we are of the view that the terms of the Share Offer are fair and reasonable so far as the Mirabell Shareholders are concerned, and accordingly advise the Mirabell IBC to recommend the Mirabell Shareholders to accept the Share Offer if it is not feasible to realize a higher return from selling their Shares in the open market.

Mirabell Shareholders should also note the possibility that the consistently thin trading volume of the Shares (as recorded during the Review Period) may render them difficult to dispose of their Shares in the market without exerting downward pressure on the price of the Shares. For the Mirabell Shareholders who believe that they will be unable to sell the Shares in the market at a price higher than the Share Offer Price because of the size of their shareholdings, the Share Offer provides an exit opportunity for them to realize their investments in the Shares if they so wish.

Those Mirabell Shareholders who hold positive views of the prospects of the Mirabell Group following the change of control and wish to retain part or all of their investment in the Mirabell should note that if the Compulsory Acquisition Condition can be fulfilled, the Offeror intends to effect the compulsory acquisition and to seek withdrawal of listing of the Shares on the Stock Exchange. On the contrary, should the Offeror not exercise its compulsory acquisition rights within four months from the date of despatch of the Composite Document, the Offeror will seek to continue to maintain the listing of the Shares on the Stock Exchange. However, if, following completion of the Offers, the number of the Shares which remain in public hands is insufficient to satisfy the minimum public float requirement under the Listing Rules, trading in the Shares may or may not be suspended until the required percentage of Shares held by the public is restored. The Offeror may then be required to place down some of the Shares to maintain the minimum public float and there remains a possibility that the Offeror may or may not be able to do so without selling the Shares at a discount to the Share Offer Price, which may indirectly exert a downward pressure on the Share price.

In case so applicable, Mirabell Shareholders should read carefully the procedures for accepting the Share Offer as detailed in Appendix I to the Composite Document and the accompanying **WHITE** Form of Acceptance. Mirabell Shareholders are strongly advised that the decision to realize or to hold their investment in the Shares is subject to individual circumstances and investment objectives.

II. **The Option Offer**

As at the Latest Practicable Date, Mirabell has outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 13,250,000 Shares at an exercise price of HK$2.875 per Share and 3,170,000 Shares at an exercise price of HK$5.896 per Share under the Share Option Scheme. Of such outstanding Share Options, (i) 1,400,000 each were held by Mr. Ng Man Kit, Lawrence and Mr. Chung Chun Wah respectively, and 980,000 were held by Mr. Leung Kelvin Yiu Fai, being executive Mirabell Directors; (ii) 340,000 were held by Mr. Lee Kwan Hung, being a non-executive Mirabell Director; (iii) 340,000 each were held by Mr. Lee Kin Sang and Mr. Chan Ka Sing, Tommy respectively, and 170,000 were held by Mr. Ng Chun Chuen, David, being independent non-executive Mirabell Directors; and (iv) the balance of 11,450,000 were held by the employees of Mirabell.

Based on the closing price of the Shares on the Last Trading Date of HK$5.21, the Share Options with exercise price of HK$2.875 were in-the-money with an intrinsic value of HK$2.335 while the Share Options with exercise price of HK$5.896 were out-of-money. By accepting the Option Offer, the Mirabell Optionholders will be better off than exercising the Share Options. Furthermore, given that the Option Offer Price is equivalent to the difference between the Share Offer Price and the respective exercise price, having considered that the Share Offer Price is fair and reasonable and is in the interest of the Mirabell Shareholders based on our analysis in this letter, we are of the view that the Option Offer Price is fair and reasonable so far as the Mirabell Optionholders are concerned.

In light of the above, we are of the view that the Option Offer is fair and reasonable so far as the Mirabell Optionholders are concerned and accordingly advise the Mirabell IBC to recommend the Mirabell Optionholders to accept the Option Offer if it is not feasible to realize a higher return by selling their Shares in the open market after exercising their Share Options.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited

Helen Zee
Managing Director

Fanny Lee
Executive Director

1. FURTHER TERMS OF THE OFFER

The Share Offer

To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer.

(a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed **WHITE** Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) by post or by hand to the Receiving Agent, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, marked "**Mirabell Share Offer**" on the envelope.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares, you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed **WHITE** Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Receiving Agent; or

(ii) arrange for the Shares to be registered in your name by Mirabell through the Receiving Agent, and send the duly completed **WHITE** Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Receiving Agent; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Share Offer must be received by the Receiving Agent). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your Investor Participant Account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Share Offer must be received by the Receiving Agent).

(c) If the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Acceptance should nevertheless be completed and delivered to the Receiving Agent together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Receiving Agent as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Receiving Agent for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Receiving Agent.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete the **WHITE** Form of Acceptance and deliver it to the Receiving Agent together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to DBS and/or BGL or their respective agent(s) to collect from the Receiving Agent on your behalf the relevant Share certificate(s) when issued and to deliver such certificate(s) to the Receiving Agent as if it was/they were delivered to the Receiving Agent with the **WHITE** Form of Acceptance.

(e) Acceptance of the Share Offer will be treated as valid only if the completed **WHITE** Form of Acceptance is received by the Receiving Agent no later than 4:00 p.m. on the Closing Date or such later time and/or date as BGL may determine and announce with the consent of the Executive, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the Share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Mirabell Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Receiving Agent or the Stock Exchange.

(f) If the **WHITE** Form of Acceptance is executed by a person other than the registered Mirabell Shareholder, appropriate documentary evidence of authority to the satisfaction of the Receiving Agent must be produced.

(g) Seller's ad valorem stamp duty for transfer of Shares registered on the Receiving Agent arising in connection with acceptance of the Share Offer will be payable by each accepting Mirabell Shareholder at the rate of HK$1.00 for every HK$1,000 (or part thereof) of the greater of (i) the consideration payable by BGL in respect of the relevant acceptance; and (ii) the value of the Shares, and will be deducted from the cash amount due to such person under the Share Offer. BGL will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Mirabell Shareholders and will pay the buyer's ad valorem stamp duty in respect of the Shares accepted under the Share Offer.

(h) No acknowledgement of receipt of any **WHITE** Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(i) If the Share Offer is withdrawn or lapses, BGL shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the **WHITE** Form of Acceptance to the relevant Mirabell Shareholder(s).

The Option Offer

(a) If you accept the Option Offer, you should complete the **PINK** Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer.

(b) The completed **PINK** Form of Acceptance should be forwarded, together with the relevant certificate(s) of the Share Options stating the number of Share Options for not less than the number of the Share Options in respect of which you intend to accept the Option Offer, by post or by hand to the company secretary of Mirabell at 8/F, Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong, marked "**Mirabell Option Offer**" on the envelope, as soon as possible and in any event so as to reach the company secretary of Mirabell at the aforesaid address no later than 4:00 p.m. on the Closing Date or such later time and/or date as BGL may determine and announce with the consent of the Executive.

(c) No stamp duty will be deducted from the amount paid to the Mirabell Optionholders who accept the Option Offer.

(d) No acknowledgement of receipt of any **PINK** Form of Acceptance and/or certificate(s) of the Share Options will be given.

(e) If the Option Offer is withdrawn or lapses, BGL shall, as soon as possible, but in any event within 10 days thereof, return by ordinary post the certificate(s) of the Share Options lodged with the **PINK** Form of Acceptance to the relevant Mirabell Optionholder(s).

2. SETTLEMENT OF THE OFFERS

The Share Offer

Provided that a valid **WHITE** Form of Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Receiving Agent no later than the latest time for acceptance (or such later time and/or date as BGL may announce with the consent of the Executive), a cheque for the amount due to each Mirabell Shareholder less seller's ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Share Offer will be despatched to the Mirabell Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days of the later of the date on which the Offers become or are declared unconditional in all aspects and the date of receipt of the completed **WHITE** Form of Acceptance and all the relevant documents by the Receiving Agent.

The Option Offer

Provided that a valid **PINK** Form of Acceptance and the relevant certificate(s) of the Share Options are complete and in good order in all respects and have been received by the company secretary of Mirabell no later than the latest time for acceptance (or such later time and/or date as BGL may announce with the consent of the Executive), a cheque for the amount due to each Mirabell Optionholder in respect of the Share Options surrendered by him/her under the Option Offer will be despatched to the Mirabell Optionholder by ordinary post at his/her own risk as soon as possible but in any event within 10 days of the later of the date on which the Offers become or are declared unconditional in all aspects and the date of receipt of the completed **PINK** Form of Acceptance and all the relevant documents by the company secretary of Mirabell.

Settlement of the consideration to which any Mirabell Shareholder or Mirabell Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers (save in respect of the payment of seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which BGL may otherwise be, or claim to be, entitled against such Mirabell Shareholder or Mirabell Optionholder, as the case may be.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) BGL has the right, subject to the Takeovers Code, to extend the Offers after the despatch of this Composite Document or to revise the terms of the Offers.

(b) Unless the Offers have previously been extended with the consent of the Executive, all acceptances must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Forms of Acceptance and the Offers will be closed at 4:00 p.m. on the Closing Date.

(c) If in the course of the Offers, BGL revises its terms, all the Mirabell Shareholders and the Mirabell Optionholders, whether or not they have already accepted the Offers, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the Closing Date.

(d) If the Offers are extended, the announcement of such extension will state the next closing date or, if the Offers become or are declared unconditional as to acceptances, a statement may be made that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to those Mirabell Shareholders and those Mirabell Optionholders who have not accepted the Offers and an announcement will be published.

(e) Except with the consent of the Executive, the Offers shall not be capable of remaining open for acceptance after four months from posting of this Composite Document in the event that BGL chooses to exercise its power of compulsory acquisition, unless, by that time, BGL has become entitled to exercise rights of compulsory acquisition.

(f) If the closing date of the Offers is extended, any reference in this Composite Document and in the Forms of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers so extended.

4. COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF MIRABELL

In the event Condition (a) as stated as the paragraph headed "Conditions of the Offers" in the Letter from DBS in this Composite Document is satisfied, BGL intends to exercise the right under section 88 of the Companies Law to compulsorily acquire those Offer Shares not acquired by BGL under the Share Offer. On completion of the compulsory acquisition, Mirabell will become a wholly-owned subsidiary of Belle and an application will be made for the withdrawal of the listing of the Offer Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

According to Rule 15.6 of the Takeovers Code, as BGL may consider exercising its rights under the relevant provisions of the Companies Law to compulsorily acquire those Offer Shares not acquired by BGL under the Share Offer, the Share Offer may not remain open for acceptance for more than four months from the posting of the Offer Document, unless BGL has by that time become entitled to exercise the power of compulsory acquisition available to it under the Companies Law, in which event BGL will do so without delay.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where BGL seeks to acquire or privatise Mirabell by means of the Share Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Companies Law, acceptance of the Share Offer and purchases made by BGL and its Concert Parties during the period of four months after posting of the Offer Document total of not less than 90% of the Disinterested Shares.

WARNING: Furthermore, if the level of acceptances reaches the prescribed level under the Companies Law and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and BGL

proceeds with the privatisation of Mirabell, dealings in the securities of Mirabell will be suspended from the Closing Date (or such later time or date as BGL may, subject to the rules of the Takeovers Code, decide) up to the withdrawal of listing of Mirabell's securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Maintaining the Listing

In the event that the compulsory acquisition rights are not available to BGL and the Offers close, BGL and Mirabell undertake to take appropriate steps to maintain the listing of the Offer Shares on the Stock Exchange and to ensure that not less than 25% of the Offer Shares will be held by the public in compliance with the Listing Rules.

If, at the close of the Offers, less than 25% of the Offer Shares are held by the public or if the Stock Exchange believes that:

- **a false market exists or may exist in the trading of the Offer Shares, or**
- **there are insufficient Offer Shares in public hands to maintain an orderly market,**

then the Stock Exchange may exercise its discretion to suspend dealings in the Offer Shares. In this connection, it should be noted that upon completion of the Offers, there may be insufficient public float for the Offer Shares and therefore, trading in the Offer Shares may be suspended until a prescribed level of public float is attained.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), BGL must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offers. BGL must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating whether the Offers have been revised or extended or have expired or have become or been declared unconditional.

Such announcement must state the following:

(i) the total number of Shares and rights over Shares for which acceptances of the Share Offer have been received;

(ii) the total number of Shares and rights over Shares held, controlled or directed by BGL or its Concert Parties before the offer period;

(iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by BGL or its Concert Parties during the offer period;

(iv) the total number of Share Options for which acceptances of the Option Offer have been received;

(v) the total number of Share Options held, controlled or directed by BGL or its Concert Parties before the offer period; and

(vi) the total number of Share Options acquired or agreed to be acquired by BGL or its Concert Parties during the offer period.

The announcement must specify the percentages of the issued share capital of Mirabell and the percentages of voting rights of Mirabell represented by these numbers of Shares.

(b) In computing the total number of Shares and Share Options represented by acceptances, only valid acceptances that are complete and in good order and which have been received by the Receiving Agent no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.

(c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offers, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, must be made in accordance with the requirements of the Listing Rules.

6. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offers tendered by the Mirabell Shareholders and the Mirabell Optionholders, as the case may be, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor shall be entitled to withdraw his acceptance after 21 days from the Closing Date, if the Offers have not by then become unconditional as to acceptances.

(b) If BGL is unable to comply with the requirements set out in the paragraph headed "Announcements" in this appendix, the Executive may require that the Mirabell Shareholders and the Mirabell Optionholders who have tendered acceptances to the Offers, as the case may be, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

If the Offers are withdrawn with the consent of the Executive in accordance with the Takeovers Code, BGL shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) lodged with the **WHITE** Form of Acceptance to the relevant Mirabell Shareholder(s) or the certificate(s) of the Share Options lodged with the **PINK** Form of Acceptance to the relevant Mirabell Optionholder(s).

7. GENERAL

(a) All communications, notices, Forms of Acceptance, certificate(s) of Shares or certificate(s) of the Share Options, transfer receipt(s), other documents of title or indemnity and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Mirabell Shareholders and the Mirabell Optionholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of BGL, its Concert Parties, Belle, DBS, Mirabell, First Shanghai, the Receiving Agent nor any of their respective directors or other parties involved in the Offers or any of their respective agents shall accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Forms of Acceptance form part of the terms of the Offers.

(c) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.

(d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Forms of Acceptance will constitute an authority to BGL or such person or persons as BGL may direct to complete and execute any document on behalf of the person accepting the Offers and to do any other act that may be necessary or expedient for the purpose of vesting in BGL, or such person or persons as it may direct, the Shares and the Share Options (as the case may be) in respect of which such person has accepted the Offers.

(f) References to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension thereof.

(g) The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be affected by the laws of the relevant jurisdictions. Mirabell Shareholders or Mirabell Optionholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should observe any applicable legal requirements. It is the responsibility of any such persons who wish to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or cancellation or other taxes due in respect of such jurisdiction.

(h) The English text of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

I. FINANCIAL SUMMARY

Set out below is a summary of the audited financial results of the Mirabell Group for each of the three years ended 28 February 2007 and the unaudited financial results of the Mirabell Group for the six months ended 31 August 2007. The information is extracted from the Mirabell Group's interim report and annual reports for the relevant periods. For the accounting period commencing on 1 March 2005, the Mirabell Group adopted the new Hong Kong Financial Reporting Standards and the comparatives for the year ended 28 February 2005 have been restated as required in the financial statements for the year ended 28 February 2006. The restated figures have been adopted for the purpose of this summary. The auditor's reports of PricewaterhouseCoopers in respect of each of the three years ended 28 February 2007 did not contain any qualified opinion. There were no exceptional items, extraordinary items or minority interests which were separately disclosed as required by the Hong Kong Financial Reporting Standards for each of the three years ended 28 February 2007 and for the six months ended 31 August 2007.

	6 months ended 31 August	**Year ended 28 February**		
	2007	**2007**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(restated)*
Turnover	454,006	934,225	866,238	747,839
Profit before income tax	3,408,624	116,777	71,888	84,004
Income tax expense	(3,949)	(11,315)	(6,391)	(7,865)
Profit attributable to equity shareholders of the Company	3,404,675	105,462	65,497	76,139
Dividends				
- interim dividend	6,558	3,818	7,636	6,363
- final dividend	—	—	13,999	16,799
- special dividend	—	—	25,453	—
	6,558	3,818	47,088	23,162
Distribution in specie *(note)*	3,459,654	—	—	—

	6 months ended 31 August	Year ended 28 February		
	2007	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(restated)*
Dividends per share				
- interim dividend	2.5 HK cents	1.5 HK cents	3.0 HK cents	2.5 HK cents
- final dividend	—	—	5.5 HK cents	6.6 HK cents
- special dividend	—	—	10.0 HK cents	—
	2.5 HK cents	1.5 HK cents	18.5 HK cents	9.1 HK cents
Earnings per share				
- basic	1,311.8 HK cents	41.4 HK cents	25.7 HK cents	29.9 HK cents
- diluted	1,257.3 HK cents	41.0 HK cents	25.7 HK cents	29.9 HK cents

Note:

After having obtained approval of the shareholders in the annual general meeting held on 27 July 2007, Mirabell distributed in specie 71 shares of Belle for every 50 Shares in each holding of the Shares of the Mirabell shareholders. The making of the distribution in specie by Mirabell has resulted in the consolidated net asset value of the Mirabell Group decreasing by approximately HK$3,459,654,000 (or 1,318.9 HK cents per share), which was equal to the sum of the then fair value of approximately HK$3,453,023,000 of the shares of Belle distributed pursuant thereto and related stamp duty of approximately HK$6,631,000.

II. AUDITED FINANCIAL INFORMATION

Set out below is the full text of the audited financial statements of Mirabell for the year ended 28 February 2007 extracted from the annual report of Mirabell for the year ended 28 February 2007. References to page numbers therein are to the page numbers in the annual report.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2007

	Note	**2007**	**2006**
		HK$'000	*HK$'000*
Turnover	5	934,225	866,238
Cost of sales	6	(377,503)	(360,385)
Gross profit		556,722	505,853
Other income	5	5,298	4,614
Other gains, net	7	4,701	2,236
Distribution and selling costs	6	(399,157)	(359,541)
Administrative expenses	6	(106,590)	(98,666)
Operating profit		60,974	54,496
Finance costs	8	(2,199)	(2,321)
Share of profit of an associate	19	58,002	19,713
Profit before income tax		116,777	71,888
Income tax expense	9	(11,315)	(6,391)
Profit attributable to equity holders of the Company	10	105,462	65,497
Earnings per share (expressed in HK cents per share)			
- Basic	11	41.4 cents	25.7 cents
- Diluted	11	41.0 cents	25.7 cents
Dividends	12	3,818	47,088

CONSOLIDATED BALANCE SHEET AS AT 28 FEBRUARY 2007

	Note	**2007** *HK$'000*	**2006** *HK$'000*
Non-current assets			
Property, plant and equipment	14	39,638	41,251
Investment properties	15	56,460	53,448
Leasehold land and land use rights	16	15,697	17,704
Intangible assets	17	14,905	13,321
Interest in an associate	19	864,389	59,343
Rental deposits		24,735	29,727
Non-current deposits	20	—	10,702
Deferred income tax assets	21	9,900	7,965
		1,025,724	233,461
Current assets			
Inventories	22	182,052	154,148
Trade receivables	23	80,646	70,231
Other receivables, deposits and prepayments		49,008	30,010
Taxation recoverable		3,770	1,687
Cash and cash equivalents	24	108,246	114,891
Derivative financial instruments	25	—	80
		423,722	371,047
Current liabilities			
Trade payables	26	48,666	42,234
Other payables and accrued charges		69,420	60,384
Taxation payable		8,814	6,565
Short-term bank borrowings	27	25,008	47,817
		151,908	157,000
Net current assets		271,814	214,047
Total assets less current liabilities		1,297,538	447,508

	Note	**2007** *HK$'000*	**2006** *HK$'000*
Non-current liabilities			
Other non-current liabilities		11,514	8,107
Deferred income tax liabilities	21	1,697	1,338
		13,211	9,445
Net assets		1,284,327	438,063
Equity			
Share capital	28	25,453	25,453
Other reserves	29	871,003	112,384
Retained earnings			
- Proposed final dividend	29	—	13,999
- Others	29	387,871	286,227
Total equity		1,284,327	438,063

BALANCE SHEET
AS AT 28 FEBRUARY 2007

	Note	**2007** *HK$'000*	**2006** *HK$'000*
Non-current assets			
Investments in subsidiaries	18	77,598	69,254
Current assets			
Amounts due from subsidiaries	18	81,399	96,043
Cash and cash equivalents	24	175	145
		81,574	96,188
Current liabilities			
Other payables and accrued charges		678	309
Net current assets		80,896	95,879
Total assets less current liabilities		158,494	165,133
Equity			
Share capital	28	25,453	25,453
Other reserves	29	119,374	111,030
Retained earnings			
- Proposed final dividend	29	—	13,999
- Others	29	13,667	14,651
Total equity		158,494	165,133

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2007

	Attributable to equity holders of the Company			
	Share capital	Other reserves	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance as at 1 March 2006	25,453	112,384	300,226	438,063
Currency translation differences	—	2,795	—	2,795
Profit for the year	—	—	105,462	105,462
Share option scheme - value of services	—	8,344	—	8,344
Share of fair value gains of an associate	—	747,480	—	747,480
2006 Final dividend paid	—	—	(13,999)	(13,999)
2007 Interim dividend paid	—	—	(3,818)	(3,818)
Balance as at 28 February 2007	25,453	871,003	387,871	1,284,327
Balance as at 1 March 2005	25,453	110,986	284,617	421,056
Currency translation differences	—	1,398	—	1,398
Profit for the year	—	—	65,497	65,497
2005 Final dividend paid	—	—	(16,799)	(16,799)
2006 Interim dividend paid	—	—	(7,636)	(7,636)
2006 Special dividend paid	—	—	(25,453)	(25,453)
Balance as at 28 February 2006	25,453	112,384	300,226	438,063

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2007

	Note	**2007**	**2006**
		HK$'000	*HK$'000*
Cash flow from operating activities			
Cash generated from operations	30	69,508	38,693
Interest paid		(2,199)	(2,321)
Hong Kong profits tax paid		(3,005)	(7,022)
Overseas taxation paid		(9,720)	(3,676)
Net cash generated from operating activities		54,584	25,674
Cash flow from investing activities			
Purchase of property, plant and equipment		(21,405)	(26,385)
Proceed from disposal of property, plant and equipment		31	—
Proceed from disposal of an investment property		—	7,934
Interest received		920	917
Dividend received from an associate		—	54,000
Net cash (used in)/generated from investing activities		(20,454)	36,466
Cash flow from financing activities			
New bank loans raised		70,279	88,598
Repayment of bank loans		(94,846)	(72,532)
Dividends paid		(17,817)	(49,888)
Net cash used in financing activities		(42,384)	(33,822)
Net (decrease)/increase in cash and cash equivalents		(8,254)	28,318
Cash and cash equivalents at beginning of year		114,891	86,357
Effect of foreign exchange rate changes		1,609	216
Cash and cash equivalents at end of the year	24	108,246	114,891

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Mirabell International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in the retailing, wholesaling and manufacturing of footwear.

The Company is a limited liability company incorporated in the Cayman Islands. The principal place of business is at 8/F, Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars ("HK$'000"), unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 21 June 2007.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 ***Basis of preparation***

The consolidated financial statements of Mirabell International Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss and investments properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) *Amendment to published standards effective in 2006*

HKAS 39 and HKFRS 4 (Amendment), "Financial guarantee contracts", effective for annual periods beginning on or after 1 January 2006. This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (i) the unamortised balance of the related fees received and deferred, and (ii) the expenditure required to settle the commitment at the balance sheet date. The adoption of this amendment does not have a significant impact on the Group's financial statements.

(b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods. The Group has started considering their potential impact. Based on the preliminary assessment, the Group believes that the adoption of these standards, amendments and interpretations to existing standards, if applicable, will not result in substantial changes to the Group's accounting policies. The Group has not early adopted these standards, amendments and interpretations to existing standards, if applicable, in the financial statements for the year ended 28 February 2007.

HKAS 1 (Amendment)	Presentation of Financial Statements - Capital Disclosures [1]
HKFRS 7	Financial Instruments: Disclosures [1]
HKFRS 8	Operating Segments [2]
HK(IFRIC)-Int 8	Scope of HKFRS 2 [3]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives [4]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment [5]
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions [6]
HK(IFRIC)-Int 12	Service Concession Arrangements [7]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 May 2006
[4] Effective for annual periods beginning on or after 1 June 2006
[5] Effective for annual periods beginning on or after 1 November 2006
[6] Effective for annual periods beginning on or after 1 March 2007
[7] Effective for annual periods beginning on or after 1 January 2008

(c) *Standards, amendments and interpretations effective in 2006 but not relevant for the Group's operations*

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Group's operations:

HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKFRSs 1 & 6 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies

2.2 ***Consolidation***

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 28 February.

(a) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(b) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 ***Segment reporting***

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, rental deposits, non-current deposits, inventories, receivables, operating cash and derivative financial instruments and exclude items such as taxation recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as taxation payable and deferred income tax liabilities. Capital expenditure comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights and intangible assets.

In respect of geographical segment reporting, sales are based on the geographical area in which the customer is located; and total assets and capital expenditure are based on where the assets are located.

2.4 ***Foreign currency translation***

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to equity holders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 ***Property, plant and equipment***

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	3% - 5%
Leasehold improvements	Over the remaining period of the leases
Furniture, fixtures and office equipment	20% - 33⅓%
Motor vehicles	25% - 33⅓%
Plant and machinery	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in administrative expenses.

2.6 ***Investment properties***

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognised in the income statement, as part of other gains, net.

2.7 ***Intangible assets***

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired associate at the date of acquisition. Goodwill on acquisitions of associates is included in investments in associates and is tested annually for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(b) *Patents and licenses*

Patents and licenses on branded products are stated at cost, which represent capitalisation of the minimum license fees payments in accordance with the license agreements. License rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is made in accordance with the pattern of economic inflow to the Group.

License fees payable are recognised initially at fair value using the effective interest method and subsequently stated at amortised cost less the amounts paid.

2.8 ***Impairment of investments in subsidiaries, associates and non-financial assets***

Assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 ***Derivative financial instruments***

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. Changes in the fair value of any derivative financial instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

2.10 ***Financial guarantee***

A financial guarantee (a kind of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at each reporting date by comparing its net liability regarding the financial guarantee with the amount that would be required if the financial guarantee would result in a present legal or constructive obligation. If the liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the income statement immediately.

2.11 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 ***Trade and other receivables***

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtors will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in distribution and selling costs.

2.13 ***Cash and cash equivalents***

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.14 ***Share capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 ***Trade and other payables***

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.17 ***Borrowing costs***

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

2.18 ***Deferred income tax***

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.19 ***Employee benefits***

(a) *Retirement benefits*

Arrangements for staff retirement benefits are made in accordance with local regulations and customs.

The Group's employees in Mainland China are covered by various government sponsored pension plans. These government agencies are responsible for the pension liabilities to these employees. The relevant group companies pay monthly contributions to these pension plans based on certain percentages of the salaries, subject to a certain ceiling. Under these plans, the Group has no legal or constructive obligation to make further payments once the required contributions have been paid. Contributions to these plans are expensed as incurred.

The Group's employees in Mainland China are also entitled to participate in various government-sponsored medical insurance plan and housing funds. The relevant group companies pay monthly contributions to these funds based on certain percentages of the salaries. The Group's liability in respect of these funds is limited to the contributions paid. Contributions to these plans are expensed as incurred.

The Group's Hong Kong and overseas employees are entitled to participate in a number of defined contribution pension schemes, the assets of which are generally held in separate trustee-administered funds. The pension schemes are generally funded by payments from employees and by the relevant group companies.

(b) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) *Profit sharing and bonus plans*

Provisions for profit sharing and bonus plans due wholly within 12 months after the balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(d) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.20 ***Contingent liabilities***

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2.21 ***Provisions***

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 ***Revenue recognition***

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) *Sales of goods — retail*

Sales of goods are recognised when a group entity sells a product to the customer. Retail sales are usually in cash or by credit card.

(b) *Sales of goods — wholesale*

The Group manufactures and sells a range of footwear products in the wholesale market. Sales of goods are recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(c) *Royalty income*

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(d) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(e) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2.23 ***Leases (as the lessee for operating leases)***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight-line basis over the period of the lease.

2.24 ***Dividend distribution***

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's equity holders or directors, where appropriate.

3. Financial risk management

3.1 *Financial risk factors*

The Group's activities expose it to foreign exchange risk, interest rate risk, credit risk and liquidity risk.

(a) *Foreign exchange risk*

The Group mainly operates in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from various currency exposures. Most of the Group's operating activities are denominated in Renminbi and Hong Kong dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. In addition, the conversion of Renminbi into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the People's Republic of China ("PRC") government.

To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group enters into foreign exchange forward contracts to reduce foreign exchange risk.

(b) *Interest rate risk*

As the Group has no significant interest-bearing assets except for bank deposits, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's exposure to changes in interest rate risk arises from bank deposits and bank borrowings. Bank deposits and bank borrowings at variable rates expose the Group to cash flow interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

(c) *Credit risk*

The carrying amounts of cash and cash equivalents, trade receivables and other current assets except for prepayments, represents the Group's maximum exposure to credit risk in relation to its financial assets. Management has policies in place to monitor the exposures to these credit risks on an ongoing basis. The Group has policies to ensure that wholesale sales of products are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. Sales to retail customers are made in cash or via credit cards. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible trade receivable has been made.

(d) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The Group aims to maintain flexibility in funding by keeping credit lines available.

3.2 *Fair value estimation*

The carrying amounts of the Group's financial assets including trade and other receivables, cash and cash equivalents and derivative financial instruments, and financial liabilities including trade and other payables and short-term bank borrowings are assumed to approximate their fair values due to their short maturities.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) ***Estimated impairment of property, plant and equipment, leasehold land and land use rights***

The Group assesses annually whether property, plant and equipment, leasehold land and land use rights have any indication of impairment. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgement and estimates.

(b) ***Estimate of fair value of investment properties***

The fair value of investment properties have been determined with reference to independent valuations. The best evidence of fair value is current price in an active market for similar lease and other contracts. The Group employed an independent firm of professional surveyor to determine the open market values for the investment properties of the Group. These valuations require the use of judgement and estimates.

(c) ***Estimated write-downs of inventories to net realisable value***

The Group writes down inventories to net realisable value based on an assessment of the realisability of inventories. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying value of inventories and write-downs of inventories in the year in which such estimates have been changed.

(d) ***Estimated impairment of receivables***

The Group makes provision for impairment of receivables based on an assessment of the recoverability of the receivables. Provisions are applied to receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of receivables requires the use of judgement and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying value of receivables and loss for the impairment of receivable is recognised in the year in which such estimates have been changed.

(e) ***Income taxes***

The Group is subject to income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

(f) ***Employee benefits — share-based payments***

The valuation of the fair value of the share options at the grant date requires judgement in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate during the life of the options and the number of the share options that are expected to vest. Where the number of options that are expected to vest is different, such difference will impact the income statement in subsequent remaining vesting period of the relevant share options.

5. Turnover, other income and segment information

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

	2007	2006
	HK$'000	*HK$'000*
Turnover		
Sales of goods	934,225	866,238
Other income		
Royalty income	4,375	3,694
Interest income	920	917
Others	3	3
	5,298	4,614
Total	939,523	870,852

Primary reporting format - geographical segments

The Group's business operates in three main geographical areas, namely the Hong Kong and Macau market, the Mainland China market and the Taiwan market.

	Hong Kong and Macau 2007 *HK$'000*	Mainland China 2007 *HK$'000*	Taiwan 2007 *HK$'000*	Total 2007 *HK$'000*
Gross segment sales	763,624	327,110	24,701	1,115,435
Inter-segment sales	(160,244)	(20,966)	—	(181,210)
	603,380	306,144	24,701	934,225
Segment results	30,099	37,593	(6,718)	60,974
Finance costs				(2,199)
Share of profit of an associate	—	58,002	—	58,002
Profit before income tax				116,777
Income tax expense				(11,315)
Profit attributable to equity holders of the Company				105,462
Segment assets	257,328	293,911	20,148	571,387
Interest in an associate	—	864,389	—	864,389
Taxation recoverable				3,770
Deferred income tax assets				9,900
Total assets				1,449,446
Segment liabilities	76,884	73,300	4,424	154,608
Taxation payable				8,814
Deferred income tax liabilities				1,697
Total liabilities				165,119
Capital expenditure	16,645	10,067	1,459	28,171
Depreciation of property, plant and equipment	11,395	8,586	1,867	21,848
Amortisation of leasehold land and land use rights	1,675	332	—	2,007
Amortisation of intangible assets	2,332	2,359	491	5,182
(Write-back of)/provision for inventory obsolescence	(1,163)	(2,740)	993	(2,910)
Provision for impairment of receivables	—	268	596	864

	Hong Kong and Macau 2006 *HK$'000*	Mainland China 2006 *HK$'000*	Taiwan 2006 *HK$'000*	Total 2006 *HK$'000*
Gross segment sales	746,034	276,520	11,847	1,034,401
Inter-segment sales	(147,708)	(20,455)	—	(168,163)
	598,326	256,065	11,847	866,238
Segment results	36,418	23,231	(5,153)	54,496
Finance costs				(2,321)
Share of profit of an associate	—	19,713	—	19,713
Profit before income tax				71,888
Income tax expense				(6,391)
Profit attributable to equity holders of the Company				65,497
Segment assets	276,495	248,282	10,736	535,513
Interest in an associate	—	59,343	—	59,343
Taxation recoverable				1,687
Deferred income tax assets				7,965
Total assets				604,508
Segment liabilities	83,477	74,403	662	158,542
Taxation payable				6,565
Deferred income tax liabilities				1,338
Total liabilities				166,445
Capital expenditure	18,374	20,268	5,826	44,468
Depreciation of property, plant and equipment	9,717	7,866	1,130	18,713
Amortisation of leasehold land and land use rights	1,673	332	—	2,005
Amortisation of intangible assets	4,477	1,948	337	6,762
(Write-back of)/provision for inventory obsolescence	(2,103)	2,701	—	598

Secondary reporting format — business segments

The Group's principal activities are retailing, wholesaling and manufacturing of footwear. No business segment information has been prepared by the Group for the years ended 28 February 2006 and 2007 as less than 10% of the Group's turnover and results are attributable to wholesaling and manufacturing.

6. Expenses by nature

	2007	**2006**
	HK$'000	*HK$'000*
Auditors' remuneration	1,569	1,219
Depreciation of property, plant and equipment	21,848	18,713
Amortisation of leasehold land and land use rights	2,007	2,005
Amortisation of intangible assets	5,182	6,762
Cost of inventories sold	354,336	337,484
Loss on disposal of property, plant and equipment	1,243	391
Loss on disposal of an investment property	—	66
Employee benefit expenses (including directors' emoluments):		
- Wages, salaries and allowances	149,970	137,274
- Share-based payments in relation to share options granted to directors and employees	8,344	—
- Pension costs	4,333	4,143
(Write-back of)/provision for inventory obsolescence	(2,910)	598
Provision for impairment of receivables	864	—
Operating leases rental in respect of leasehold land and buildings, including contingent rental expenses of HK$93,295,000 (2006: HK$54,082,000)	228,626	203,632
Outgoings in respect of investment properties	172	144
Others	107,666	106,161
Total cost of sales, distribution and selling costs, and administrative expenses	883,250	818,592

7. Other gains, net

	2007	**2006**
	HK$'000	*HK$'000*
Exchange gains	2,109	2,157
Fair value gains of investment properties	3,012	—
Fair value (losses)/gains of derivative financial instruments	(420)	79
	4,701	2,236

8. Finance costs

	2007	2006
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	2,199	2,321

9. Income tax expense

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

The amount of income tax charged to the consolidated income statement represents:

	2007	2006
	HK$'000	*HK$'000*
Current income tax		
- Hong Kong profits tax	5,937	6,790
- Overseas taxation	4,889	6,271
- Under/(over)-provision in prior years	2,065	(1,032)
Deferred income tax *(Note 21)*	(1,576)	(5,638)
Income tax expense	11,315	6,391

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2007	2006
	HK$'000	*HK$'000*
Profit before income tax	116,777	71,888
Calculated at a taxation rate of 17.5% (2006: 17.5%)	20,436	12,580
Effect of different taxation rates in other geographical areas	(4,453)	(3,834)
Income not subject to tax	(12,481)	(3,907)
Expenses not deductible for tax purposes	3,085	2,058
Unrecognised deferred income tax assets	3,165	926
Utilisation of previously unrecognised tax losses	(447)	(310)
Under/(over)-provision in prior years	2,065	(1,032)
Others	(55)	(90)
Income tax expense	11,315	6,391

10. Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$2,834,000 (2006: HK$49,461,000).

11. Earnings per share

(a) ***Basic***

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2007	**2006**
Profit attributable to equity holders of the Company (HK$'000)	105,462	65,497
Weighted average number of ordinary shares in issue	254,530,000	254,530,000
Basic earnings per share (HK cents per share)	41.4	25.7

(b) ***Diluted***

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2007
Profit attributable to equity holders of the Company (HK$'000)	105,462
Weighted average number of ordinary shares in issue	254,530,000
Adjustments for share options	2,650,000
Weighted average number of ordinary shares for diluted earnings per share	257,180,000
Diluted earnings per share (HK cents per share)	41.0

No disclosure of diluted earnings per share for the year ended 28 February 2006 has been made as there was no potential dilutive ordinary shares outstanding during the year.

12. Dividends

	2007	2006
	HK$'000	*HK$'000*
Interim, paid, of HK1.5 cents (2006: HK3.0 cents) per ordinary share	3,818	7,636
Special, paid, of Nil (2006: HK10.0 cents) per ordinary share	—	25,453
Final, proposed, of Nil (2006: HK5.5 cents) per ordinary share	—	13,999
	3,818	47,088

At a meeting held on 21 June 2007, the directors resolved not to recommend a final dividend.

13. Directors' and senior management's emoluments

(a) ***Directors' emoluments***

The emoluments of each director for the year ended 28 February 2007 is set out below:

Name of director	Fees	Basic salaries, housing allowances, other allowances and benefits in kind	Discretionary bonuses	Share option scheme	Employer's contributions to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:						
Tang Wai Lam	—	1,397	1,807	—	12	3,216
Ng Man Kit, Lawrence	—	1,496	667	815	12	2,990
Chung Chun Wah	—	737	226	815	12	1,790
Leung Kelvin Yiu Fai (appointed on 1 August 2006)						
For the 7 months from 1 August 2006 to 28 February 2007 in the capacity of Executive Director	100	759	98	314	7	1,278
For the 5 months from 1 March 2006 to 31 July 2006 in the capacity of Financial Controller	—	508	—	177	5	690
Non-executive director:						
Lee Kwan Hung	65	—	—	219	—	284
Independent non-executive directors:						
Lee Kin Sang	65	—	—	219	—	284
Chan Ka Sing, Tommy	65	—	—	219	—	284
Ng Chun Chuen, David	65	—	—	109	—	174

The emoluments of each director for the year ended 28 February 2006 is set out below:

Name of director	**Fees**	**Basic salaries, housing allowances, other allowances and benefits in kind**	**Discretionary bonuses**	**Employer's contributions to pension scheme**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:					
Tang Wai Lam	—	1,397	1,506	12	2,915
Tang Keung Lam (resigned on 30 November 2005)	—	1,309	1,130	9	2,448
Ng Man Kit, Lawrence	—	1,439	786	12	2,237
Chung Chun Wah	—	588	131	12	731
Non-executive director:					
Lee Kwan Hung	65	—	—	—	65
Independent non-executive directors:					
Lee Kin Sang	65	—	—	—	65
Chan Ka Sing, Tommy	65	—	—	—	65
Ng Chun Chuen, David	65	—	—	—	65

No directors of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) ***Five highest paid individuals***

The five individuals whose emoluments were the highest in the Group for the year include four (2006: three) directors whose emoluments are reflected in the analysis presented in Note (a) above. The emoluments payable to the remaining one (2006: two) individual during the year are as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Basic salaries, housing allowances, other allowances and benefits in kind	870	2,092
Discretionary bonuses	245	182
Share option scheme	454	—
Employer's contribution to pension scheme	12	24
	1,581	2,298

The emoluments fell within the following bands:

Emolument bands	**Number of individuals**	
HK$	**2007**	**2006**
1,000,001 — 1,500,000	—	2
1,500,001 — 2,000,000	1	—

None of the highest paid individuals of the Group waived any emoluments and no emoluments were paid by the Group to any of such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. Property, plant and equipment

	Group					
	Buildings	Leasehold improve-ments	Furniture, fixtures and office equipment	Motor vehicles	Plant and machinery	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 March 2005						
Cost	21,554	52,408	20,685	3,823	2,279	100,749
Accumulated depreciation	(4,184)	(40,955)	(16,417)	(3,581)	(1,680)	(66,817)
Net book value	17,370	11,453	4,268	242	599	33,932
Year ended 28 February 2006						
Opening net book value	17,370	11,453	4,268	242	599	33,932
Exchange differences	—	(6)	27	4	13	38
Additions	—	20,351	2,924	1,276	1,834	26,385
Disposals	—	(357)	(7)	—	(27)	(391)
Depreciation	(837)	(15,736)	(1,740)	(191)	(209)	(18,713)
Closing net book value	16,533	15,705	5,472	1,331	2,210	41,251
As at 28 February 2006						
Cost	21,554	67,193	23,611	5,063	4,130	121,551
Accumulated depreciation	(5,021)	(51,488)	(18,139)	(3,732)	(1,920)	(80,300)
Net book value	16,533	15,705	5,472	1,331	2,210	41,251
Year ended 28 February 2007						
Opening net book value	16,533	15,705	5,472	1,331	2,210	41,251
Exchange differences	—	(42)	50	13	83	104
Additions	—	18,588	2,022	638	157	21,405
Disposals	—	(1,272)	(2)	—	—	(1,274)
Depreciation	(837)	(18,195)	(1,980)	(512)	(324)	(21,848)
Closing net book value	15,696	14,784	5,562	1,470	2,126	39,638
As at 28 February 2007						
Cost	21,554	76,354	25,754	4,463	4,459	132,584
Accumulated depreciation	(5,858)	(61,570)	(20,192)	(2,993)	(2,333)	(92,946)
Net book value	15,696	14,784	5,562	1,470	2,126	39,638

As at 28 February 2007, certain banking facilities were secured on land and buildings for the value of HK$10,396,000 (2006: HK$10,856,000).

15. Investment properties

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
At beginning of year	53,448	61,448
Fair value gains *(Note 7)*	3,012	—
Disposals	—	(8,000)
At end of year	56,460	53,448

Investment properties were revalued at 28 February 2007 on the basis of their open market value by DTZ Debenham Tie Leung Limited, an independent firm of chartered surveyors, employed by the Group.

The Group's interests in investment properties are held outside Hong Kong with lease period between 10 to 50 years.

Details of investment properties are as follows:

	Usage
Held in Mainland China under medium term leases:	
Unit Nos. 101, 102 and 103, 1st level, East Block, International Commercial Building, Jiabin Road/ Renmin South Road, Luohu District, Shenzhen, Guangdong Province, the People's Republic of China	Commerical

16. Leasehold land and land use rights

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
At beginning of year	17,704	19,709
Amortisation *(Note 6)*	(2,007)	(2,005)
At end of year	15,697	17,704

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
In Hong Kong, held on:		
- Leases of between 10 to 50 years	1,218	1,248
Outside Hong Kong, held on:		
- Leases of between 10 to 50 years	12,834	13,166
- Leases of less than 10 years	1,645	3,290
	15,697	17,704

17. Intangible assets

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Patents and licenses		
At beginning of year	13,321	2,000
Additions	6,766	18,083
Amortisation *(Note 6)*	(5,182)	(6,762)
At end of year	14,905	13,321

Intangible assets represent license rights on branded products up to 2010. Additions during the year represent capitalisation of minimum license fees payable, based on a discount rate equal to the Group's weighted average borrowing rate of 5.11% (2006: 4.77%) at the date of inception.

Amortisation of HK$5,182,000 (2006: HK$4,762,000) is included in cost of sales and Nil (2006: HK$2,000,000) in administrative expenses.

18. Investments in subsidiaries and amounts due from subsidiaries

	Company	
	2007	**2006**
	HK$'000	*HK$'000*
Unlisted shares, at cost	69,254	69,254
Amount due from a subsidiary	8,344	—
	77,598	69,254

As at 28 February 2006 and 2007, the amounts due from subsidiaries are unsecured, interest free and repayable on demand, except for an amount due from a subsidiary of HK$8,344,000 (2006: Nil) which is not repayable within one year. Details of the Company's principal subsidiaries as at 28 February 2007 are set out on pages 137 to 141.

19. Interest in an associate

Movements of interest in an associate are as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
At beginning of year	59,343	93,399
Exchange differences	(436)	231
Dividends received	—	(54,000)
Share of profit	58,002	19,713
Other equity movements *(Note 29)*	747,480	—
At end of year	864,389	59,343

The Group's associate has a financial accounting period of 31 December which is not coterminous with the Group.

The financial information of the Group's associate is as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Total assets	2,361,013	163,143
Total liabilities	300	—
Revenues	—	429,695
Profit for the year	193,339	65,367

Best Quality Investments Limited ("Best Quality"), a company incorporated in Samoa, is the Group's associate in which the Group holds 30% interests. Details of Best Quality at 28 February 2007 are set out on page 142.

Pursuant to an agreement dated 30 June 2006, Belle International Holdings Limited ("Belle International"), then an associate of Best Quality, agreed to acquire 100% interest in Fullbest Investments Limited and its subsidiaries by the issuance of new ordinary shares of Belle International. As a result of the new issue, Best Quality's equity interest in Belle International was diluted from approximately 20.3% to approximately 17.7%. Accordingly, Belle International became an available-for-sale financial asset of Best Quality, which recorded a gain on deemed disposal of an associate of approximately HK$113,662,000. The Group's share of this gain on deemed disposal amounted to approximately HK$34,099,000.

Based on internal valuation performed by the directors of the Company, the Group's share of the fair value of the available-for-sale financial asset of Best Quality as at 28 February 2007 was approximately HK$864,389,000.

20. Non-current deposits

Non-current deposits of the Group represented deposits paid for the acquisition of properties. The Group had agreed with the property developer for the refund of the whole deposits and accordingly, the deposits were classified as current assets as at 28 February 2007.

21. Deferred income tax

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Group									
Deferred income tax assets	**Tax depreciation allowance**		**Tax losses**		**Provision for long services payments**		**Others**		**Total**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year	1,796	1,754	4,366	—	287	465	1,516	316	7,965	2,535
Recognised in the income statement	95	42	(549)	4,366	(92)	(178)	2,481	1,200	1,935	5,430
At end of year	1,891	1,796	3,817	4,366	195	287	3,997	1,516	9,900	7,965

	Group					
Deferred income tax liabilities	**Tax depreciation allowance**		**Revaluation of investment properties**		**Total**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year	1,338	1,546	—	—	1,338	1,546
Recognised in the income statement	73	(208)	286	—	359	(208)
At end of year	1,411	1,338	286	—	1,697	1,338

Deferred income tax assets and liabilities are expected to be settled after more than 12 months.

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$8,216,000 (2006: HK$7,424,000) to carry forward against future taxable income. The tax losses have no expiry date (2006: tax losses of HK$111,000 would expire in year 2010 and tax losses of HK$7,313,000 had no expiry date).

22. Inventories

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Raw materials	2,873	4,317
Work in progress	420	124
Finished goods	211,660	185,518
	214,953	189,959
Less: provision for inventories	(32,901)	(35,811)
	182,052	154,148

The cost of inventories recognised as expense and included in cost of sales amounted to approximately HK$354,336,000 (2006: HK$337,484,000).

23. Trade receivables

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Trade receivables	81,284	70,275
Less: provision for impairment of receivables	(638)	(44)
	80,646	70,231

The carrying amount of trade receivables approximates its fair value.

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 28 February 2007, the ageing analysis of trade receivables was as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
0 - 30 days	66,785	68,265
31 - 60 days	2,540	1,372
61 - 90 days	1,638	149
Over 90 days	9,683	445
	80,646	70,231

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Hong Kong dollars	37,307	34,721
Renminbi	39,481	33,587
Euro	80	51
Macau Pataca	888	324
New Taiwan dollars	2,890	1,548
	80,646	70,231

During the year, the Group recognised a loss of HK$864,000 (2006: Nil) for the impairment of its trade receivables.

24. Cash and cash equivalents

	Group		Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank and in hand	106,183	108,836	175	145
Short-term bank deposits	2,063	6,055	—	—
	108,246	114,891	175	145
Denominated in:				
Hong Kong dollars	51,085	70,861	175	145
Renminbi	38,161	31,383	—	—
Euro	8,981	4,023	—	—
Macau Pataca	5,505	7,085	—	—
New Taiwan dollars	4,496	1,523	—	—
US dollars	18	16	—	—
	108,246	114,891	175	145

The effective interest rate on short-term bank deposits was 3.89% (2006: 3.92%); these deposits have an average maturity of 29 days (2006: 29 days).

The Group's cash and cash equivalents denominated in Renminbi are deposited with banks in the PRC. The conversion of these Renminbi denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

25. Derivative financial instruments

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Forward foreign exchange contracts	—	80

26. Trade payables

As at 28 February 2007, the ageing analysis of trade payables was as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
0 - 30 days	29,367	37,668
31 - 60 days	4,929	477
61 - 90 days	2,220	172
Over 90 days	12,150	3,917
	48,666	42,234

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Hong Kong dollars	13,419	12,194
Renminbi	25,634	19,077
US dollars	6,422	9,036
Euro	2,589	1,099
New Taiwan dollars	602	828
	48,666	42,234

The carrying amount of trade payables approximates its fair value.

27. Short-term bank borrowings

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Unsecured	25,008	47,817

As at 28 February 2007, the effective interest rate per annum of borrowings was 5.11% (2006: 4.77%).

An analysis of the carrying amount of borrowings by type and by currency is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Hong Kong dollars at floating rates	6,334	5,666
Renminbi at floating rates	18,674	42,151
	25,008	47,817

The carrying amount of borrowings approximates its fair value.

28. Share capital

	Ordinary shares of HK$0.1 each	
	No. of shares	*HK$'000*
Authorised:		
As at 28 February 2006 and 2007	1,000,000,000	100,000
Issued and fully paid:		
As at 28 February 2006 and 2007	254,530,000	25,453

Share options

The share option scheme was approved by the shareholders of the Company on 29 December 2004 and has a life of 10 years until 28 December 2014, but any options then outstanding will continue to be exercisable. On 3 April 2006, share options with rights to subscribe for a total of 21,520,000 shares were granted to certain directors and employees of the Group.

Movements in the share options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price per share	**Number of underlying shares**
	HK$	
Granted	2.875	21,520,000
Forfeited	2.875	(1,240,000)
As at 28 February 2007	2.875	20,280,000

As at 28 February 2007, all the share options were not exercisable.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

	Exercise price per share	Number of underlying shares
	HK$	
2 April 2012	2.875	4,000,000
2 April 2014	2.875	16,280,000
	2.875	20,280,000

The fair value of the share options granted during the year ended 28 February 2007 amounted to approximately HK$17,286,000. It was estimated as at the date of grant by using a binominal model, taking into account the terms and conditions upon which the options were granted. The significant assumptions and inputs used in the valuation model are as follows:

Expected volatility:	40%, based on historical volatility of the Company's shares for the period from 4 April 2001 to 3 April 2006 and expected volatility of the retail industry
Risk-free interest rate:	4.54% - 4.58% per annum, based on the yields of Hong Kong Exchange Fund Notes
Expected life of the share options:	Options expected to be exercised when the share price is 1.5 times the option exercise price
Expected dividend yield:	4%

Binominal model is subject to certain fundamental limitations because of the subjective nature of and uncertainty relating to the assumptions and inputs to the model as well as certain inherent limitations of the model itself. Any changes in the above assumptions or inputs may materially affect the fair value estimation.

The fair value of the share options granted during the year ended 28 February 2007, amounting to approximately HK$17,286,000, is to be recognised as an employee benefit expense of the Group according to the vesting conditions. An amount of approximately HK$8,344,000 (2006: Nil) was charged as employee benefit expenses for the year ended 28 February 2007.

On 6 March 2007, share options with rights to subscribe for a total of 5,140,000 shares were granted to certain employees with an exercise price set at HK$5.896 per share (expiry date: 2 April 2014).

29. Reserves

(a) ***Group***

	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Capital reserve *HK$'000*	Available-for-sale financial assets reserve *HK$'000*	Share option reserve *HK$'000*	Cumulative translation reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
Balance as at 1 March 2006	110,650	380	91	—	—	1,263	300,226	412,610
Currency translation differences	—	—	—	—	—	2,795	—	2,795
Profit for the year	—	—	—	—	—	—	105,462	105,462
Share option scheme - value of services	—	—	—	—	8,344	—	—	8,344
Share of fair value gain of an associate *(Note 19)*	—	—	—	747,480	—	—	—	747,480
2006 Final dividend paid	—	—	—	—	—	—	(13,999)	(13,999)
2007 Interim dividend paid	—	—	—	—	—	—	(3,818)	(3,818)
Balance as at 28 February 2007	110,650	380	91	747,480	8,344	4,058	387,871	1,258,874
Balance as at 1 March 2005	110,650	380	91	—	—	(135)	284,617	395,603
Currency translation differences	—	—	—	—	—	1,398	—	1,398
Profit for the year	—	—	—	—	—	—	65,497	65,497
2005 Final dividend paid	—	—	—	—	—	—	(16,799)	(16,799)
2006 Interim dividend paid	—	—	—	—	—	—	(7,636)	(7,636)
2006 Special dividend paid	—	—	—	—	—	—	(25,453)	(25,453)
Balance as at 28 February 2006	110,650	380	91	—	—	1,263	300,226	412,610

(b) ***Company***

	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Share option reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
Balance as at 1 March 2006	110,650	380	—	28,650	139,680
Profit for the year	—	—	—	2,834	2,834
Share option scheme - value of services	—	—	8,344	—	8,344
2006 Final dividend paid	—	—	—	(13,999)	(13,999)
2007 Interim dividend paid	—	—	—	(3,818)	(3,818)
Balance as at 28 February 2007	110,650	380	8,344	13,667	133,041
Balance as at 1 March 2005	110,650	380	—	29,077	140,107
Profit for the year	—	—	—	49,461	49,461
2005 Final dividend paid	—	—	—	(16,799)	(16,799)
2006 Interim dividend paid	—	—	—	(7,636)	(7,636)
2006 Special dividend paid	—	—	—	(25,453)	(25,453)
Balance as at 28 February 2006	110,650	380	—	28,650	139,680

30. Cash generated from operations

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Operating profit	60,974	54,496
Adjustments for:		
- Depreciation of property, plant and equipment	21,848	18,713
- Amortisation of leasehold land and land use rights	2,007	2,005
- Amortisation of intangible assets	5,182	6,762
- Loss on disposal of property, plant and equipment	1,243	391
- Loss on disposal of an investment property	—	66
- (Write-back of)/provision for inventory obsolescence	(2,910)	598
- Provision for impairment of receivables	864	—
- Write-back of provision for long service payments	(525)	(1,017)
- Share-based payments in relation to share options granted to directors and employees	8,344	—
- Interest income	(920)	(917)
- Fair value gains on investment properties	(3,012)	—
	93,095	81,097
Changes in working capital:		
- Decrease in non-current rental deposits	4,992	960
- Increase in inventories	(22,190)	(18,649)
- (Increase)/decrease in trade receivables	(10,807)	2,442
- Increase in other receivables, deposits and prepayments	(8,296)	(9,876)
- Increase/(decrease) in trade payables	6,432	(10,039)
- Increase/(decrease) in other payables and accrued charges	6,202	(6,900)
- Decrease/(increase) in derivative financial instruments	80	(342)
Cash generated from operations	69,508	38,693

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment and an investment property comprise:

	2007	**2006**
	HK$'000	*HK$'000*
Net book value of property, plant and equipment *(Note 14)*	1,274	391
Loss on disposal of property, plant and equipment	(1,243)	(391)
Proceed from disposal of property, plant and equipment	31	—
Net book value of an investment property *(Note 15)*	—	8,000
Loss on disposal of an investment property	—	(66)
Proceed from disposal of an investment property	—	7,934

31. Commitments

(a) ***Capital commitments***

As at 28 February 2007, the Group had capital commitment contracted but not provided for in respect of leasehold improvements and office equipment amounting to approximately HK$1,766,000 (2006: HK$571,000).

(b) ***Commitments under operating leases***

As at 28 February 2007, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Not later than one year	140,946	165,677
Later than one year and not later than five years	83,550	146,423
	224,496	312,100

The payments of operating lease rentals of certain retail outlets are based on the higher of a minimum guaranteed rental and a sales level based rental. The minimum guaranteed rental has been used to arrive at the above commitments.

(c) ***Commitments on royalty payments***

As at 28 February 2007, the Group had future aggregate minimum royalty payments under non-cancellable royalty agreement as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Not later than one year	16,046	9,649
Later than one year and not later than five years	21,195	21,791
	37,241	31,440

32. Related party transactions

Key management compensation

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	7,547	8,546
Employer's contributions to pension scheme	43	45
Share-based payments	2,710	—
	10,300	8,591

33. Events after the balance sheet date

(a) On 6 March 2007, share options with rights to subscribe for a total of 5,140,000 shares were granted to certain employees with an exercise price set at HK$5.896 per share (expiry date: 2 April 2014) (Note 28).

(b) On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the new "CIT Law"). The new CIT Law changes the corporate income tax rate to 25% with effect from 1 January 2008. The new CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities, grandfathering provisions as well as determination of taxable profit. As at the date that these financial statements are approved for issue, detailed measures concerning these items have yet to be issued by the State Council. Consequently, the Group is not in a position to assess the impact, if any, to the carrying value of deferred income tax assets and liabilities as at 28 February 2007. The Group will continue to evaluate the impact as more detailed regulations are announced.

(c) On 1 May 2007, Best Quality declared an interim dividend, which was paid on 8 June 2007. The dividend of HK$21,000,000 was received by the Group.

(d) On 23 May 2007, the shares of Belle International were listed on the Main Board of The Stock Exchange of Hong Kong Limited. Based on the public offer price of HK$6.2 per share, the Group's share of fair value of the available-for-sale financial asset of Best Quality was approximately HK$2,335,400,000.

(e) On 18 June 2007, Best Quality declared a distribution in specie to its shareholders of all 1,250,000,000 shares in Belle International ("Belle Shares") held by it under which the Group has an entitlement of 375,000,000 shares. On 21 June 2007, the directors of the Company recommended to the shareholders for approval, conditional upon receipt of the Belle Shares from Best Quality, a distribution in specie of 71 Belle Shares for every 50 shares in the Company held by the shareholders.

III. UNAUDITED INTERIM FINANCIAL INFORMATION

Set out below is the full text of the unaudited condensed consolidated financial information of Mirabell for the six months ended 31 August 2007 extracted from the interim report of Mirabell for the six months ended 31 August 2007. References to page numbers therein are to the page numbers in the interim report.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 31 August	
	Note	**2007**	**2006**
		HK$'000	*HK$'000*
Turnover	4	454,006	418,312
Cost of sales		(174,108)	(170,414)
Gross profit		279,898	247,898
Other income	4	4,319	2,558
Other gains, net	5	1,192	586
Distribution and selling costs		(200,509)	(186,273)
Administrative expenses		(54,989)	(49,753)
		29,911	15,016
Realisation of available-for-sale financial assets reserve	11	264,471	—
Operating profit	6	294,382	15,016
Finance costs	7	(277)	(1,056)
Share of profit of an associate	8	3,114,519	57,800
Profit before income tax		3,408,624	71,760
Income tax expense	9	(3,949)	(1,774)
Profit attributable to equity holders of the Company		3,404,675	69,986
Earnings per share (expressed in HK cents per share)			
- Basic	10	1,311.8 cents	27.5 cents
- Diluted	10	1,257.3 cents	27.5 cents
Appropriation			
- Cash dividend	11	6,558	3,818
- Distribution in specie	11	3,459,654	—

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 31 August 2007** *HK$'000*	**Audited 28 February 2007** *HK$'000*
Non-current assets			
Property, plant and equipment	12	34,937	39,638
Investment properties		56,460	56,460
Leasehold land and land use rights		14,694	15,697
Intangible assets		12,314	14,905
Interest in an associate	8	427	864,389
Rental deposits		28,310	24,735
Deferred income tax assets		9,915	9,900
Available-for-sale financial assets		22,577	—
		179,634	1,025,724
Current assets			
Inventories	13	224,509	182,052
Trade receivables	14	61,452	80,646
Other receivables, deposits and prepayments		31,319	49,008
Taxation recoverable		3,756	3,770
Cash and cash equivalents		160,979	108,246
		482,015	423,722
Current liabilities			
Trade payables	15	59,225	48,666
Other payables and accrued charges		64,082	69,420
Taxation payable		9,144	8,814
Short-term bank borrowings		—	25,008
		132,451	151,908
Net current assets		349,564	271,814

	Note	**Unaudited 31 August 2007** *HK$'000*	**Audited 28 February 2007** *HK$'000*
Total assets less current liabilities		529,198	1,297,538
Non-current liabilities			
Other non-current liabilities		8,923	11,514
Deferred income tax liabilities		1,697	1,697
		10,620	13,211
Net assets		518,578	1,284,327
Equity			
Share capital	16	26,232	25,453
Other reserves		159,455	871,003
Retained earnings			
- Cash dividends declared after the balance sheet date	11	6,558	—
- Others		326,333	387,871
Total equity		518,578	1,284,327

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Unaudited Six months ended 31 August 2007 HK$'000	2006 HK$'000
Total equity as at 1 March		1,284,327	438,063
Share of (realisation of)/increase in available-for-sale financial assets reserve of an associate	8	(747,481)	226,722
Fair value gain on available-for-sale financial assets		1,053	—
Currency translation differences		1,998	199
Net (expense)/income recognised directly in equity		(744,430)	226,921
Profit for the period		3,404,675	69,986
Share option scheme			
- Value of services		5,798	4,042
- Proceeds from shares issued upon exercise of options		27,862	—
Appropriation			
- Cash dividend	11	—	(13,999)
- Distribution in specie	11	(3,459,654)	—
		(21,319)	60,029
Total equity as at 31 August		518,578	725,013

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 31 August	
	2007	**2006**
	HK$'000	*HK$'000*
Net cash inflow/(outflow) from operating activities	41,106	(1,919)
Net cash inflow/(outflow) from investing activities	14,937	(11,322)
Net cash outflow from financing activities	(4,177)	(4,163)
Increase/(decrease) in cash and cash equivalents	51,866	(17,404)
Cash and cash equivalents as at 1 March	108,246	114,891
Effect of foreign exchange rate changes	867	319
Cash and cash equivalents as at 31 August	160,979	97,806

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General information

Mirabell International Holdings Limited and its subsidiaries are principally engaged in the retailing, wholesaling and manufacturing of footwear.

The Company is a limited liability company incorporated in the Cayman Islands. The principal place of business is at 8/F, Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors on 22 November 2007.

2. Basis of preparation

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

This unaudited condensed consolidated interim financial information should be read in conjunction with the 2006/2007 annual financial statements.

3. Accounting policies

The accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 28 February 2007 except for the adoption of a new standard, an amendment to a standard and intepretations which are effective for the year ending 29 February 2008 as set out below:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions

The adoption of the above new standard, amendment to a standard and interpretations 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 29 February 2008. 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.

4. Turnover, other income and segment information

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

	Unaudited Six months ended 31 August 2007	
	2007	**2006**
	HK$'000	*HK$'000*
Turnover		
Sales of goods	454,006	418,312
Other income		
Royalty income	3,386	1,980
Interest income	931	576
Others	2	2
	4,319	2,558
Total	458,325	420,870

Primary reporting format - geographical segments

The Group's business operates in three main geographical areas, namely the Hong Kong and Macau market, the Mainland China market and the Taiwan market.

An analysis of the Group's turnover and segment results by geographical segments is as follows:

	Unaudited Six months ended 31 August 2007			
	Hong Kong and Macau	**Mainland China**	**Taiwan**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Gross segment sales	395,211	149,491	11,586	556,288
Inter-segment sales	(94,559)	(7,723)	—	(102,282)
	300,652	141,768	11,586	454,006
Segment results	281,114	14,627	(1,359)	294,382

	Unaudited			
	Six months ended 31 August 2006			
	Hong Kong and Macau	**Mainland China**	**Taiwan**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
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

Secondary reporting format — business segments

The Group's principal activities are retailing, wholesaling and manufacturing of footwear. No business segment information has been prepared by the Group for the six months ended 31 August 2006 and 2007 as less than 10% of the Group's turnover and results are attributable to wholesaling and manufacturing.

5. Other gains, net

	Unaudited Six months ended 31 August	
	2007	**2006**
	HK$'000	*HK$'000*
Exchange gains	1,192	997
Fair value loss of derivative financial instruments	—	(411)
	1,192	586

6. Operating profit

	Unaudited Six months ended 31 August 2007 HK$'000	Unaudited Six months ended 31 August 2006 HK$'000
Operating profit is stated after charging the following:		
Depreciation of property, plant and equipment	11,775	11,064
Amortisation of leasehold land and land use rights	1,003	1,003
Amortisation of intangible assets	2,591	2,607
Loss on disposal of property, plant and equipment	62	206
Share-based payments in relation to share options granted to directors and employees *(Note 17)*	5,798	4,042

7. Finance costs

	Unaudited Six months ended 31 August 2007 HK$'000	Unaudited Six months ended 31 August 2006 HK$'000
Interest on bank loans and overdrafts	277	1,056

8. Associate

Movements of interest in an associate are as follows:

	Unaudited Six months ended 31 August 2007 HK$'000	Unaudited Six months ended 31 August 2006 HK$'000
As at 1 March	864,389	59,343
Exchange differences	—	(436)
Cash dividend received	(21,000)	—
Distribution in specie received	(3,210,000)	—
Share of profit	3,114,519	57,800
Share of (realisation of)/increase in available-for-sale financial assets reserve	(747,481)	226,722
As at 31 August	427	343,429

Best Quality Investments Limited ("Best Quality"), a company incorporated in Samoa, is the Group's associate in which the Group holds 30% interest.

On 1 May 2007, Best Quality declared an interim cash dividend, which was paid on 8 June 2007. The cash dividend of HK$21,000,000 was received by the Group.

On 18 June 2007, Best Quality declared a distribution in specie of all the 1,250,000,000 shares in Belle International Holdings Limited ("Belle Shares") held by it to its shareholders, pursuant to which the Group has received 375,000,000 Belle Shares. Upon such distribution in specie by Best Quality, the Group has derived a profit of approximately HK$3,093,092,000 therefrom, representing the share of realisation of the cumulative gain on the increase in fair value of available-for-sale financial assets held by an associate.

9. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the six months ended 31 August 2007. Taxation on overseas profits has been calculated on the estimated assessable profit for the period under review at the rates of taxation prevailing in the geographical areas in which the Group operates.

	Unaudited Six months ended 31 August	
	2007	**2006**
	HK$'000	*HK$'000*
Current income tax		
- Hong Kong profits tax	2,275	662
- Overseas taxation	1,689	1,587
Deferred income tax	(15)	(475)
Income tax expense	3,949	1,774

10. Earnings per share

(a) ***Basic***

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period under review.

	Unaudited Six months ended 31 August	
	2007	**2006**
Profit attributable to equity holders of the Company (HK$'000)	3,404,675	69,986
Weighted average number of ordinary shares in issue	259,540,000	254,530,000
Basic earnings per share (HK cents per share)	1,311.8	27.5

(b) ***Diluted***

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average six-month market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Unaudited Six months ended 31 August	
	2007	**2006**
Profit attributable to equity holders of the Company (HK$'000)	3,404,675	69,986
Weighted average number of ordinary shares in issue	259,540,000	254,530,000
Adjustments for share options	11,250,000	—
Weighted average number of ordinary shares for diluted earnings per share	270,790,000	254,530,000
Diluted earnings per share (HK cents per share)	1,257.3	27.5

11. Appropriation

(a) ***Cash dividends***

Interim cash dividend declared after the balance sheet date of the interim period:

	Unaudited Six months ended 31 August	
	2007	**2006**
	HK$'000	*HK$'000*
2007/2008 interim cash dividend of HK2.5 cents (2006/2007: HK1.5 cents) per ordinary share	6,558	3,818

The cash dividend declared after the balance sheet date is not reflected as dividend payable in this unaudited condensed consolidated interim financial information.

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

	Unaudited Six months ended 31 August 2007	2006
	HK$'000	*HK$'000*
2006/2007 final cash dividend, paid, of Nil (2005/2006: HK5.5 cents) per ordinary share	—	13,999

(b) ***Distribution in specie***

After having obtained approval of the shareholders in the annual general meeting held on 27 July 2007, the Company distributed in specie of 71 Belle Shares for every 50 shares of the Company ("Shares") in each holding of the Shares of the Company's shareholders. The making of the distribution in specie by the Company has resulted in the consolidated net asset value of the Group decreasing by approximately HK$3,459,654,000, which was equal to the then fair value of approximately HK$3,453,023,000 of the Belle Shares distributed pursuant thereto and related stamp duty of approximately HK$6,631,000. Upon such distribution in specie by the Company, the Group has derived a profit of approximately HK$264,471,000 therefrom, representing the realisation of the cumulative gain on the increase in fair value of available-for-sale financial assets.

12. Property, plant and equipment

During the period under review, items of property, plant and equipment with a cost of HK$6,995,000 (2006: HK$11,899,000) were acquired and items of property, plant and equipment with a net book value of HK$64,000 (2006: HK$207,000) were disposed of by the Group. Such disposal resulted in a loss of HK$62,000 (2006: HK$206,000).

13. Inventories

	Unaudited 31 August 2007	Audited 28 February 2007
	HK$'000	*HK$'000*
Raw materials	1,473	2,873
Work in progress	372	420
Finished goods	255,866	211,660
	257,711	214,953
Less: provision for inventories	(33,202)	(32,901)
	224,509	182,052

The cost of inventories recognised as expense and included in cost of sales amounted to approximately HK$164,370,000 (2006: HK$158,862,000).

14. 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 2007, the ageing analysis of trade receivables was as follows:

	Unaudited 31 August 2007 *HK$'000*	Audited 28 February 2007 *HK$'000*
0 - 30 days	49,930	66,785
31 - 60 days	4,850	2,540
61 - 90 days	781	1,638
Over 90 days	5,891	9,683
	61,452	80,646

15. Trade payables

As at 31 August 2007, the ageing analysis of trade payables was as follows:

	Unaudited 31 August 2007 *HK$'000*	Audited 28 February 2007 *HK$'000*
0 - 30 days	50,850	29,367
31 - 60 days	2,518	4,929
61 - 90 days	562	2,220
Over 90 days	5,295	12,150
	59,225	48,666

16. Share capital

	Ordinary shares of HK$0.1 each	
	No. of shares	*HK$'000*
Authorised:		
As at 28 February 2007 and 31 August 2007	1,000,000,000	100,000
Issued and fully paid:		
As at 1 March 2007	254,530,000	25,453
Issue of shares upon exercise of share options	7,790,000	779
As at 31 August 2007	262,320,000	26,232

All the new ordinary shares issued by the Company in the period under review rank pari passu with the then existing shares of the Company in all respects.

17. Share option scheme

On 3 April 2006 and 6 March 2007, 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 2007, share options with rights to subscribe for a total of 16,420,000 shares of the Company were outstanding. The share options granted shall expire on 2 April 2012 or 2 April 2014.

A summary of the share option scheme and details of the movement in the share options of the Company during the period under review are set out on pages 24 to 28.

The fair value of the services received in exchange for the grant of the options is expensed over the respective vesting periods according to the vesting conditions. An amount of approximately HK$5,798,000 (2006: HK$4,042,000) was charged as employee benefit expenses during the period under review.

18. Contingent liabilities

As at 31 August 2007, the Group did not have any contingent liabilities (28 February 2007: Nil).

19. Related party transactions

Key management compensation

	Unaudited Six months ended 31 August	
	2007	**2006**
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	3,776	2,562
Employer's contributions to pension scheme	24	19
Share-based payments	942	1,313
	4,742	3,894

IV. STATEMENT OF INDEBTEDNESS

As at 29 February 2008, the net book values of land and buildings pledged as security for certain banking facilities available to the Mirabell Group amounted to approximately HK$9,935,000.

Saved as disclosed above and apart from intra-group liabilities and normal trade and other payables and guarantees by Mirabell for banking facilities of certain subsidiaries of Mirabell arising in the ordinary course of business, as at 29 February 2008, the Mirabell Group did not have any outstanding bank overdrafts or loans, or other similar indebtedness, mortgages, charges, guarantees or other material contingent liabilities.

V. MATERIAL CHANGES

Save as disclosed below, as at the Latest Practicable Date, the Mirabell Directors were not aware of any material change in the financial or trading position or outlook of the Mirabell Group subsequent to 28 February 2007 (being the date to which the latest published audited financial statements of the Mirabell Group were made up):

(i) The distribution in specie of the shares of Belle as disclosed in the annual report of Mirabell for the year ended 28 February 2007 and the interim report of Mirabell for the six months ended 31 August 2007 (details of which are disclosed in parts II and III of this Appendix).

(ii) As disclosed in an announcement of 24 December 2007 and a circular of 9 January 2008 of Mirabell, Mirabell Group Limited, a wholly-owned subsidiary of Mirabell, entered into a preliminary agreement to sell all the issued shares of Fast Grow Limited (being a then wholly-owned subsidiary of Mirabell Group Limited which owned Units 101, 102 and 103, 1st Level, East Block, International Commercial Building, Jiabin Road, Luohu District, Shenzhen, Guangdong Province, PRC) and procure the assignment of the shareholders' loan due from Fast Grow Limited to the Mirabell Group, to Swanworld Limited, an independent purchaser, at a consideration of approximately HK$78.3 million. A formal agreement was entered into, and the transaction was completed on 14 January 2008, and Fast Grow Limited ceased to be a subsidiary of Mirabell.

1. RESPONSIBILITY STATEMENT

BGL Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Mirabell Group) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those relating to the Mirabell Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements (other than those relating to the Mirabell Group) in this Composite Document misleading.

The directors of Belle jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Mirabell Group) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those relating to the Mirabell Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements (other than those relating to the Mirabell Group) in this Composite Document misleading.

Mirabell Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Belle Group and the Concert Parties and the Offers) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those relating to the Belle Group and the Concert Parties and the Offers) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements (other than those relating to the Belle Group and the Concert Parties and the Offers) in this Composite Document misleading.

2. SHARE CAPITAL OF MIRABELL

(a) Authorised and issued share capital

The authorised and issued share capital of Mirabell as at the Latest Practicable Date were as follows:

Authorised:

HK$100,000,000 divided into 1,000,000,000 Shares of HK$0.10 each

Issued and fully paid up:

HK$26,232,000 divided into 262,320,000 Shares of HK$0.10 each

7,790,000 Shares have been issued since 28 February 2007 and up to the Latest Practicable Date pursuant to the exercise of the Share Options. All the issued Shares rank pari passu in all respects including its rights and entitlements as to dividends, voting rights and return of capital.

(b) **Share option scheme**

As at the Latest Practicable Date, Mirabell had (i) outstanding Share Options entitling the Mirabell Optionholders to subscribe for up to an aggregate of 13,250,000 Offer Shares at an exercise price of HK$2.875 per Offer Share, and (ii) outstanding Share Options entitling the Mirabell Optionholders to subscribe for up to an aggregate of 3,170,000 Offer Shares at an exercise price of HK$5.896 per Offer Share. If the Share Options are exercised in full, Mirabell will have to issue 16,420,000 Offer Shares, representing approximately 5.89% of the enlarged issued share capital of Mirabell.

Save as disclosed above, Mirabell has no other options, warrants or other securities that carry a right to subscribe for or which are convertible into the Offer Shares.

(c) **Listing**

The Shares are listed and traded on the main board of the Stock Exchange. No part of the issued share capital of Mirabell is listed or dealt in, nor is any listing of or permission to deal in the Shares being proposed or to be sought on, any other stock exchange.

3. DISCLOSURE OF INTERESTS

(A) **Interests of the Mirabell Directors**

As at the Latest Practicable Date, the interests and short positions of the Mirabell Directors and chief executive of Mirabell in shares, underlying shares and debentures of Mirabell or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to Mirabell and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to Mirabell and the Stock Exchange; or (d) which were required to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code were as follows:

A. ***Mirabell***

Long position in the Shares

Name of Director	Personal interests: Ordinary Shares of HK$0.1 each	Personal interests: Underlying Shares (note(i))	Other interests	Total	Approximate percentage of total issued share capital
	Number of Shares/underlying Shares beneficially held				
Tang Wai Lam	6,000,000	—	130,575,000 *(note (ii))*	136,575,000	52.06%
Ng Man Kit, Lawrence	13,034,000	1,400,000	50,000 *(note (iii))*	14,484,000	5.52%
Chung Chun Wah	902,000	1,400,000	158,000 *(note (iv))*	2,460,000	0.94%
Leung Kelvin Yiu Fai	—	980,000	—	980,000	0.37%
Lee Kwan Hung	—	340,000	—	340,000	0.13%
Lee Kin Sang	—	340,000	—	340,000	0.13%
Chan Ka Sing, Tommy	—	340,000	—	340,000	0.13%
Ng Chun Chuen, David	—	170,000	—	170,000	0.06%

Notes:

(i) Underlying Shares are Shares Options granted to the Mirabell Directors on 3 April 2006 at an exercise price of HK$2.875 per Share pursuant to the Share Option Scheme and details of which are set out below:

Name of Director	Number of underlying Shares	Exercisable period
Ng Man Kit, Lawrence	600,000	03/04/2008 — 02/04/2012
	800,000	03/04/2009 — 02/04/2012
Chung Chun Wah	600,000	03/04/2008 — 02/04/2012
	800,000	03/04/2009 — 02/04/2012
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
Lee Kwan Hung	160,000	03/04/2008 — 02/04/2014
	180,000	03/04/2009 — 02/04/2014
Lee Kin Sang	160,000	03/04/2008 — 02/04/2014
	180,000	03/04/2009 — 02/04/2014
Chan Ka Sing, Tommy	160,000	03/04/2008 — 02/04/2014
	180,000	03/04/2009 — 02/04/2014
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 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 Wong Lee Ling, Cathy, the spouse of Ng Man Kit, Lawrence.

(iv) These 158,000 Shares were held by Cheung Suk Yee, the spouse of Chung Chun Wah.

B. ***Associated corporations***

Long position in shares

Name of Director	**Number of non-voting deferred shares of HK$100 each in a subsidiary of Mirabell, Mirabell Footwear Limited, beneficially held personally**
Tang Wai Lam	6,561
Chung Chun Wah	477

Save as disclosed above, none of the directors or chief executive of Mirabell had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares or debentures of Mirabell or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to Mirabell and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to Mirabell and the Stock Exchange; or (d) which were required to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code.

(B) **Interests of substantial shareholders**

As at the Latest Practicable Date, so far as was known to the Mirabell Directors and chief executive of Mirabell, those persons, other than the Mirabell Directors or chief executive of Mirabell, who had an interest or short position in the Shares or underlying Shares of Mirabell which would fall to be disclosed to Mirabell under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by Mirabell under Section 336 of the SFO; or (other than members of the Mirabell Group) were, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Mirabell Group and the amount of each such person's interest in such securities, together with particulars of any options in respect of such capital, were as follows:

Long position in Shares

	Number of Shares beneficially held				
Name	**Beneficial interest**	**Interest of controlled corporation**	**Other interests**	**Total**	**Approximate percentage of total issued share capital**
Tang's Enterprises Limited *(note (v))*	122,400,000	—	—	122,400,000	46.66%
Rich Land Property Limited *(note (v))*	8,175,000	122,400,000 *(note (i))*	—	130,575,000	49.78%
Kinlington Agents Limited *(note (v))*	8,175,000	122,400,000 *(note (i))*	—	130,575,000	49.78%
Mosman Associates Limited	8,175,000	122,400,000 *(note (i))*	—	130,575,000	49.78%
Tang Keung Lam	6,000,000	—	130,575,000 *(note (ii))*	136,575,000	52.06%
Tso Lai Kuen	6,000,000	—	130,575,000 *(note (iii))*	136,575,000	52.06%
Strath Fiduciaries Limited	—	146,925,000 *(note (iv))*	—	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 Kinglington Agents Limited, which was wholly owned by a discretionary trust, the founder of which was 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 Tso Lai Kuen. The other 122,400,000 Shares represented the same block of Shares held by Tang's Enterprises Limited.

(iv) These represented the same block of 122,400,000 Shares held by Tang's Enterprises Limited and the three blocks of Shares of 8,175,000 each beneficially held by Rich Land Property Limited, Kinlington Agents Limited and Mosman Associates Limited respectively. Since Rich Land Property Limited, Kinlington Agents Limited, and Mosman Associates Limited were wholly owned on trust by Strath Fiduciaries Limited, Strath Fiduciaries Limited was deemed to be interested in the Shares in which those companies were interested or deemed to be interested under the SFO.

(v) Tang Wai Lam is a director of Tang's Enterprises Limited, Rich Land Property Limited and Kinlington Agents Limited.

So far as was known to the Mirabell Directors and chief executive of Mirabell, other than the interests and short positions disclosed above, there were no persons (other than the Mirabell Directors or chief executive of Mirabell) who, as at the Latest Practicable Date, had notified to Mirabell any interest or short position in the Shares or underlying Shares of Mirabell which would fall to be disclosed to Mirabell under the provisions of Divisions 2 and 3 of Part XV of the SFO or (other than members of the Mirabell Group) were, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Mirabell Group.

(C) **Interests in Mirabell**

At the Latest Practicable Date,

(a) none of BGL nor any of its Concert Parties owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of the Shares;

(b) none of Tang Yiu, Tang Ming Wai and Sheng Baijiao, each being a director of BGL, owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of the Shares;

(c) there was no agreement, arrangement or understanding between BGL and any other person for the transfer, charge or pledge of the beneficial interests in the Shares or Share Options acquired in pursuance of the Offers; and

(d) the Controlling Shareholders, being the parties who have irrevocably committed themselves to accept the Offers, are collectively interested in 164,925,000 Shares.

(D) **Interests in BGL**

As at the Latest Practicable Date, neither Mirabell nor any Mirabell Directors was interested (within the meaning of Part XV of the SFO) in any shares or convertible securities, warrants, options and derivatives in respect of the shares of BGL.

(E) **Interests in Belle**

As at the Latest Practicable Date, the interests (within the meaning of Part XV of the SFO) of Mirabell and the Mirabell Directors in the shares of Belle and convertible securities, warrants, options and derivatives in respect of the shares of Belle were as follows:

	Number of shares of Belle beneficially held		
Name	**Personal interests**	**Other interests**	**Total**
Mirabell	2,305,600	—	2,305,600
Tang Wai Lam	—	187,732,100 *(note (i))*	187, 732,100
Ng Man Kit, Lawrence	18,158,000	73,000 *(note (ii))*	18,231,000
Chung Chun Wah	1,280,840	226,360 *(note (iii))*	1,507,200
Leung Kelvin Yiu Fai	60,000	—	60,000
Lee Kwan Hung	—	45,000 *(note (iv))*	45,000

Notes:

(i) Of these 187,732,100 shares, 11,608,500 shares were held by Rich Land Property Limited, which was wholly owned by a discretionary trust, the founder of which was Tang Wai Lam, 173,808,000 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, 2,305,600 shares were held by Mirabell, which was controlled by Tang Wai Lam. The other 10,000 shares were held by Liu Ying, the spouse of Tang Wai Lam.

(ii) These 73,000 shares were held by Wong Lee Ling, Cathy, the spouse of Ng Man Kit, Lawrence.

(iii) These 226,360 shares were held by Cheung Suk Yee, the spouse of Chung Chun Wah.

(iv) These 45,000 shares were held by Tong Shu Hsien Alice, the spouse of Lee Kwan Hung.

(F) **Other interests**

As at the Latest Practicable Date,

(a) no subsidiary of Mirabell, or any pension fund of Mirabell or of subsidiary of Mirabell owned or controlled any Shares or convertible securities, warrants, options and derivatives in respect of the Shares;

(b) none of the advisers to Mirabell as specified in class (2) of the definition of associate under the Takeovers Code owned or controlled any Shares or convertible securities, warrants, options and derivatives in respect of the Shares;

(c) no person had an arrangement of the kind referred to in note 8 to Rule 22 of the Takeovers Code with BGL, or with any Concert Party, or with Mirabell or with any person who is an associate of Mirabell by virtue of classes (1), (2), (3) and (4) of the definition of associate and therefore no such person had any interest in any Shares or convertible securities, warrants, options and derivatives in respect of the Shares (with the undertaking by the Controlling Shareholders under the Irrevocable Undertaking not to deal in the relevant securities of Mirabell (as referred to in the section headed "Irrevocable Commitments" in the letter from the Mirabell Board in this Composite Document) not being regarded as an arrangement of the kind referred to in note 8 to Rule 22 of the Takeovers Code); and

(d) no Shares or convertible securities, warrants, options and derivatives in respect of the Shares were managed on a discretionary basis by fund managers connected with Mirabell.

4. DEALINGS IN SECURITIES

During the Relevant Period:

(a) none of BGL, nor any Concert Parties nor the BGL Directors had dealt in any Shares or convertible securities, warrants, options and derivatives in respect of the Shares;

(b) none of the Controlling Shareholders, being the parties who have irrevocably committed themselves to accept the Offers, had dealt in any Shares or convertible securities, warrants, options and derivatives in respect of the Shares;

(c) other than the dealings as disclosed below, the Mirabell Directors had not dealt in any Shares or convertible securities, warrants, options and derivatives in respect of the Shares:

Ng Man Kit, Lawrence

(i) on 13 September 2007, Ng Man Kit, Lawrence, an executive Mirabell Director, purchased 60,000 Shares on the Stock Exchange for a total consideration of HK$281,640;

(ii) on 25 September 2007, Ng Man Kit, Lawrence purchased 24,000 Shares on the Stock Exchange for a total consideration of HK$106,240;

(iii) on 15 October 2007, Ng Man Kit, Lawrence purchased 34,000 Shares on the Stock Exchange for a total consideration of HK$183,600;

(iv) on 17 October 2007, Ng Man Kit, Lawrence purchased 68,000 Shares on the Stock Exchange for a total consideration of HK$357,000; and

(v) on 29 February 2008, Ng Man Kit, Lawrence purchased 98,000 Shares on the Stock Exchange for a total consideration of HK$569,380;

(d) no persons who had any arrangement of the kind referred to in note 8 to Rule 22 of the Takeovers Code with BGL or with any Concert Party, or with Mirabell or with any person who is an associate of Mirabell by virtue of classes (1), (2), (3) and (4) of the definition of associate, had dealt for value in any Shares or convertible securities, warrants, options and derivatives in respect of the Shares (with the undertaking by the Controlling Shareholders under the Irrevocable Undertaking not to deal in the relevant securities of Mirabell (as referred to in the section headed "Irrevocable Commitments" in the letter from the Mirabell Board in this Composite Document) not being regarded as an arrangement of the kind referred to in note 8 to Rule 22 of the Takeovers Code); and

(e) other than the dealings as disclosed below, Mirabell and the Mirabell Directors had not dealt in any shares of BGL or Belle or convertible securities, warrants, options and derivatives in respect of the shares of BGL or Belle:

Mirabell

(i) on 13 December 2007, Mirabell sold 200,000 shares of Belle on the Stock Exchange for a total consideration of HK$2,293,000;

Tang Wai Lam

(ii) on 26 November 2007, Tang Wai Lam, an executive Mirabell Director, purchased 112,000 shares of Belle on the Stock Exchange for a total consideration of HK$1,044,960;

(iii) on 20 December 2007, Tang Wai Lam sold 730,000 shares of Belle on the Stock Exchange for a total consideration of HK$8,350,820;

(iv) on 21 December 2007, Tang Wai Lam sold 380,000 shares of Belle on the Stock Exchange for a total consideration of HK$4,444,400;

(v) on 24 December 2007, Tang Wai Lam sold 519,000 shares of Belle on the Stock Exchange for a total consideration of HK$6,059,360;

(vi) on 27 December 2007, Tang Wai Lam sold 1,187,000 shares of Belle on the Stock Exchange for a total consideration of HK$14,190,260;

(vii) on 28 December 2007, Tang Wai Lam sold 366,000 shares of Belle on the Stock Exchange for a total consideration of HK$4,322,800;

(viii) on 31 December 2007, Tang Wai Lam sold 285,000 shares of Belle on the Stock Exchange for a total consideration of HK$3,340,300;

(ix) on 2 January 2008, Tang Wai Lam sold 2,300,000 shares of Belle on the Stock Exchange for a total consideration of HK$27,538,540;

(x) on 3 January 2008, Tang Wai Lam sold 1,401,000 shares of Belle on the Stock Exchange for a total consideration of HK$16,627,520;

(xi) on 4 January 2008, Tang Wai Lam sold 1,464,000 shares of Belle on the Stock Exchange for a total consideration of HK$17,541,600;

Note: As a result of his interest in the Shares as described above, Tang Wai Lam was also deemed to be interested in the shares of Belle in which Mirabell was interested within the meaning of Part XV of the SFO.

Liu Ying, the spouse of Tang Wai Lam

(xii) on 11 March 2008, Liu Ying, the spouse of Tang Wai Lam, purchased 10,000 shares of Belle on the Stock Exchange for a total consideration of HK$89,000;

Ng Man Kit, Lawrence

(xiii) on 15 November 2007, Ng Man Kit, Lawrence, an executive Mirabell Director, purchased 48,000 shares of Belle off-market for a total consideration of HK$525,600;

Leung Kelvin Yiu Fai

(xiv) on 14 March 2008, Leung Kelvin Yiu Fai, an executive Mirabell Director, purchased 60,000 shares of Belle on the Stock Exchange for a total consideration of HK$510,600;

Tong Shu Hsien Alice, the spouse of Lee Kwan Hung

(xv) on 31 August 2007, Tong Shu Hsien Alice, the spouse of Lee Kwan Hung, a non-executive Mirabell Director, purchased 94,500 shares of Belle off-market for a total consideration of HK$780,485;

(xvi) on 12 September 2007, Tong Shu Hsien Alice purchased 24,500 shares of Belle off-market for a total consideration of HK$202,348;

(xvii) on 2 October 2007, Tong Shu Hsien Alice purchased 57,000 shares of Belle off-market for a total consideration of HK$498,317;

(xviii) on 4 October 2007, Tong Shu Hsien Alice sold 30,000 shares of Belle on the Stock Exchange for a total consideration of HK$307,800;

(xix) on 21 November 2007, Tong Shu Hsien Alice sold 16,000 shares of Belle on the Stock Exchange for a total consideration of HK$159,840;

(xx) on 22 November 2007, Tong Shu Hsien Alice sold 130,000 shares of Belle on the Stock Exchange for a total consideration of HK$1,199,872;

(xxi) on 29 February 2008, Tong Shu Hsien Alice purchased 35,000 shares of Belle on the Stock Exchange for a total consideration of HK$325,000;

(xxii) on 4 March 2008, Tong Shu Hsien Alice sold 10,000 shares of Belle on the Stock Exchange for a total consideration of HK$99,900;

(xxiii) on 7 March 2008, Tong Shu Hsien Alice purchased 20,000 shares of Belle on the Stock Exchange for a total consideration of HK$184,400;

(xxiv) on 10 March 2008, Tong Shu Hsien Alice purchased 20,000 shares of Belle on the Stock Exchange for a total consideration of HK$180,200; and

(xxv) on 19 March 2008, Tong Shu Hsien Alice sold 20,000 shares of Belle on the Stock Exchange for a total consideration of HK$144,000.

During the period commencing from the Joint Announcement Date up to the Latest Practicable Date:

(a) none of the subsidiaries of Mirabell, any pension funds of Mirabell or any of its subsidiaries, nor any of the advisers to Mirabell as specified in class (2) of the definition of associate under the Takeovers Code had dealt for value in any Shares or convertible securities, warrants, options and derivatives in respect of the Shares; and

(b) no fund manager connected with Mirabell had dealt for value in any Shares or convertible securities, warrants, options and derivatives in respect of the Shares which were managed on a discretionary basis.

5. MARKET PRICES

(a) During the Relevant Period, the highest closing price of the Offer Shares as quoted on the Stock Exchange was HK$6.00 per Offer Share on 5 November 2007 and the lowest closing price of the Offer Shares as quoted on the Stock Exchange was HK$3.25 per Offer Share on 29 August 2007.

(b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on the last trading day of each of the calendar months during the Relevant Period:

Date	**Closing price**
31 August 2007	3.36
28 September 2007	5.20
31 October 2007	5.55
30 November 2007	4.54
31 December 2007	5.40
31 January 2008	5.00
29 February 2008	5.86
31 March 2008	5.71

(c) The closing price of the Shares quoted on the Stock Exchange on 22 February 2008, being the Last Trading Date, was HK$5.21 per Share.

(d) The closing price of the Shares in Mirabell as quoted on the Stock Exchange on the Latest Practicable Date was HK$5.80 per Share.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Mirabell Group was engaged in any litigation or arbitration or claim of material importance and the Mirabell Directors were not aware of any litigation or claims of material importance pending or threatened of which any member of the Mirabell Group was a party.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by Mirabell and/or member(s) of the Mirabell Group after the date falling two years immediately preceding the Joint Announcement Date up to the Latest Practicable Date, and are or may be material:

As disclosed in an announcement of 24 December 2007 and a circular of 9 January 2008 of Mirabell, Mirabell Group Limited, a wholly-owned subsidiary of Mirabell, entered into a preliminary agreement to sell all the issued shares of Fast Grow Limited (being a then wholly-owned subsidiary of Mirabell Group Limited which owned Units 101, 102 and 103, 1st Level, East Block, International Commercial Building, Jiabin Road, Luohu District, Shenzhen, Guangdong Province, PRC) and procure the assignment of the shareholders' loan due from Fast Grow Limited to the Mirabell Group, to Swanworld Limited, an independent purchaser, at a consideration of approximately HK$78.3 million. A formal agreement was entered into, and the transaction was completed on 14 January 2008, and Fast Grow Limited ceased to be a subsidiary of Mirabell.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Mirabell Directors had entered into any service contract with Mirabell or any of its subsidiaries or associated companies which (a) were entered into or amended within 6 months before the Joint Announcement Date; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

9. ARRANGEMENTS IN RELATION TO THE OFFERS

As at the Latest Practicable Date:

(a) save for the normal professional fees in connection with the Offers payable to Woo, Kwan, Lee & Lo (of which Lee Kwan Hung, a non-executive Mirabell Director, is a partner), the legal advisers as to Hong Kong laws of Mirabell and the Controlling Shareholders in relation to the Offers, there was no benefit (other than statutory compensation) to be given to any Mirabell Directors as compensation for loss of office or otherwise in connection with the Offers;

(b) save for the Irrevocable Undertaking, there was no agreement, arrangement or understanding (including any compensation arrangement) exists between BGL or the Concert Parties and any Mirabell Directors, recent directors of Mirabell, Mirabell Shareholders or recent shareholders of Mirabell having any connection with or dependence upon the Offers;

(c) save for the normal professional fees in connection with the Offers payable to Woo, Kwan, Lee & Lo (of which Lee Kwan Hung, a non-executive Mirabell Director, is a partner), the legal advisers as to Hong Kong laws of Mirabell and the Controlling Shareholders in relation to the Offers, and the Irrevocable Undertaking, there was no agreement or arrangement between any Mirabell Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers;

(d) save for the Irrevocable Undertaking, there was no material contract entered into by BGL in which any Mirabell Director has a material personal interest;

(e) save for the Irrevocable Undertaking, there was no irrevocable commitment to accept or reject the Offers which had been received by BGL or its Concert Parties; and

(f) there were no agreements or arrangements to which BGL was party which related to the circumstances in which it might or might not invoke or seek to invoke a condition to the Offers.

10. CONSENTS AND QUALIFICATIONS

The following are qualifications of experts who have given opinions, letters or advice which are contained in this Composite Document:

DBS Asia Capital Limited	a licensed corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to BGL in relation to the Offers
First Shanghai Capital Limited	a licensed corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Mirabell IBC in relation to the Offers

Each of DBS and First Shanghai has given and has not withdrawn its respective written consent to the issue of this Composite Document with the inclusion herein of its letter and the references to its name, in the form and context in which they are included.

11. GENERAL

(a) The secretary and the qualified accountant of Mirabell is Leung Kelvin Yiu Fai. He is also a Mirabell 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.

(b) The Hong Kong branch share registrar and transfer office of Mirabell is Tricor Abacus Limited, the address of which is at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(c) The registered office of Mirabell is at Ugland House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies and its head office and principal place of business in Hong Kong is at 8/F., Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

(d) The registered office of BGL is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Its correspondence address in Hong Kong is at 19/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong. The board of directors of BGL comprises Tang Yiu, Tang Ming Wai and Sheng Baijiao.

(e) BGL is wholly-owned by Belle, a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange, trading under the stock code 1880. The board of directors of Belle comprises Tang Yiu, Sheng Baijiao, Yu Mingfang and Tang Ming Wai as executive directors, Gao Yu and Hu Xiaoling as non-executive directors, and Ho Kwok Wah, George, Chan Yu Ling, Abraham and Xue Qiuzhi as independent non-executive directors. Belle is the principal member of the concert group of BGL.

(f) The address of DBS, being the financial adviser of BGL and the agent making the Offers on behalf of BGL, is at 22nd Floor, The Center, 99 Queen's Road Central, Hong Kong.

(g) The address of First Shanghai, being the independent financial adviser to the Mirabell IBC, is at 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong.

(h) The English text of this Composite Document shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection (i) on the websites of Mirabell and the SFC at http://www.mirabell.com.hk and http://www.sfc.hk, respectively and (ii) at the principal place of business of Mirabell in Hong Kong at 8/F., Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong, during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) while the Offers remain open for acceptance:

(a) the respective memorandum and articles of association of BGL and Mirabell;

(b) the annual reports of the Mirabell Group for each of the two years ended 28 February 2007 and the interim report for the six months ended 31 August 2007;

(c) the letter from the BGL Board, the text of which is set out on pages 6 to 9 of this Composite Document;

(d) the letter from DBS, the financial adviser to BGL and the agent making the Offers on behalf of BGL, the text of which is set out on pages 10 to 23 of this Composite Document;

(e) the letter from the Mirabell Board, the text of which is set out on pages 24 to 29 of this Composite Document;

(f) the letter from the Mirabell IBC, the text of which is set out on pages 30 to 31 of this Composite Document;

(g) the letter from First Shanghai, the independent financial adviser to the Mirabell IBC, the text of which is set out on pages 32 to 50 of this Composite Document;

(h) letters of consent from DBS and First Shanghai in the paragraph headed "Consents and qualifications" in this Appendix;

(i) the Irrevocable Undertaking given by the Controlling Shareholders as referred to in this Composite Document; and

(j) the material contracts as referred to in paragraph 7 of this Appendix.