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

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

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

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**MOULIN INTERNATIONAL HOLDINGS LIMITED**

**(泰興光學集團有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**PROPOSED GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES**

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A notice convening an annual general meeting of Moulin International Holdings Limited to be held at Chater Room I, Function Room Level (B1), The Ritz Carlton Hotel, 3 Connaught Road Central, Hong Kong on 3 June, 2003 at 3:30 p.m. is contained in its 2002 Annual Report. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

Hong Kong, 6 May, 2003

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## LETTER FROM THE BOARD

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### MOULIN INTERNATIONAL HOLDINGS LIMITED

(泰興光學集團有限公司)\*

(Incorporated in Bermuda with limited liability)

*Executive Directors:*

Ma Bo Kee (Chairman)

Ma Bo Fung (Vice Chairman)

Ma Bo Lung (Vice Chairman)

Ma Lit Kin, Cary (Managing Director)

Ma Hon Kin, Dennis

Tong Ka Wai, Dicky

*Independent Non-Executive Directors:*

Ng Tai Chiu, David

Chan Wing Wah, Ivan

*Non-Executive Director:*

Lee Sin Mei, Olivia

*Registered Office:*

Clarendon House

Church Street

Hamilton HM11

Bermuda

*Principal Place of Business:*

Rooms 701-4, 7th Floor

Telford House

16 Wang Hoi Road

Kowloon Bay, Kowloon

Hong Kong

Hong Kong, 6 May, 2003

*To the shareholders and option-holders*

*(for information only)*

Dear Sir or Madam,

### PROPOSED GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES

#### INTRODUCTION

At the annual general meeting of Moulin International Holdings Limited (the “Company”) to be held on 3 June, 2003 for the financial period of nine months ended 31 December, 2002 (the “Annual General Meeting”), resolutions will be proposed to grant to the directors of the Company (the

*\* for identification purpose only*

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## LETTER FROM THE BOARD

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“Directors”) a general mandate to repurchase shares of the Company (the “Repurchase Mandate”) and a general mandate to issue new shares up to 20% of the aggregate nominal amount of the share capital of the company and to increase the number of shares which the Directors may issue under that general mandate by the number of shares repurchased.

This circular provides you with all the information reasonably necessary to enable the shareholders of the Company (the “Shareholder(s)”) to make an informed decision on whether to vote for or against the resolutions to approve the repurchase by the Company of its own ordinary share(s) of HK\$0.50 each (the “Share(s)”) and the issue and allotment of new Shares of the Company.

### **GENERAL MANDATE TO REPURCHASE SHARES**

An ordinary resolution will be proposed at the Annual General Meeting to give a general mandate to the Directors to exercise the powers of the Company to repurchase its own Shares at any time until the first to occur of either the conclusion of the next annual general meeting of the Company following the passing of the resolution (unless the mandate is renewed at such meeting) or the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company’s bye-laws to be held or until the mandate is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting. The Shares which may be repurchased by the Company pursuant to the Repurchase Mandate is limited to a maximum of 10% of the issued share capital of the Company at the date of the passing of the resolution approving the Repurchase Mandate.

An explanatory statement as required under The Rules Governing of the Listing of Securities on The Stock Exchange of Hong Kong Limited, giving certain information regarding the Repurchase Mandate is set out in the Appendix to this circular.

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## LETTER FROM THE BOARD

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### GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to issue new Shares representing up to 20% of the issued share capital of the Company as at the date the resolution is passed. In addition, an ordinary resolution will also be proposed to authorise an extension of such general mandate to be granted to the Directors to issue new Shares during the period up to the next annual general meeting of the Company or such earlier period as stated in the relevant resolution by adding to the aggregate number of Shares of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate the number of Shares repurchased under the Repurchase Mandate, if granted.

### RECOMMENDATION

The Directors consider that the proposed resolutions for the granting of the Repurchase Mandate and general mandate for issue of Shares are in the interest of the Company and so recommend all the Shareholders to vote in favour of the relevant resolutions at the Annual General Meeting.

Yours faithfully,  
By the order of the Board  
**Ma Bo Kee**  
*Chairman*

This Appendix serves as an explanatory statement, as required by the Rules Governing of the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), to provide information to you with regard to the Repurchase Mandate.

**1. Listing Rules relating to the repurchase of securities**

The Listing Rules permit companies whose primary listings are on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) to repurchase their shares on the Stock Exchange subject to certain restrictions amongst which the Listing Rules provide that the shares proposed to be repurchased by a company must be fully paid-up and all repurchases of shares by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders either by way of general mandate to the directors of the company to make such repurchases or by specific approval of a particular transaction.

**2. Share capital**

On 30 April, 2003 (being the latest practicable date prior to the printing of this circular) (“the Latest Practicable Date”), the issued share capital of the Company comprised 401,651,562 ordinary shares. Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no Shares are allotted and issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 40,165,156 Shares, representing ten (10) per cent of the issued share capital of the Company as at the date of passing the proposed resolution on the Repurchase Mandate.

**3. Reasons for the repurchase**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole.

#### 4. Funding of repurchases

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for such purpose in accordance with the Company's memorandum of association and bye-laws, the Listing Rules and the applicable laws of Bermuda.

Taking into account the current working capital and gearing of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position disclosed in the annual report for the financial period of nine months ended 31 December, 2002. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing level of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

#### 5. Share prices

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:—

	<b>Highest</b>	<b>Lowest</b>
	\$	\$
<b>2002</b>		
May	0.83	0.66
June	0.78	0.66
July	0.76	0.59
August	0.62	0.57
September	3.00	2.70
October	2.90	2.425
November	2.65	2.45
December	2.85	2.475
<b>2003</b>		
January	2.85	2.575
February	3.30	2.625
March	3.425	2.975
April	3.375	2.975

*Source: The Stock Exchange of Hong Kong Limited*

**6. Disclosure of the Directors interests**

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their associates (as defined in the Listing Rules), have any present intention to sell the Company or its subsidiaries any of the securities in the Company if the Repurchase Mandate is approved at the Annual General Meeting and exercised.

**7. Undertaking of the Directors**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make purchases of the Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, applicable laws of Bermuda and the regulations set out in the memorandum of association and bye-laws of the Company.

**8. Implications under the Takeovers Code**

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of The Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, KFL Holdings Limited, a substantial shareholder of the Company, held approximately 39.9 per cent. of the then existing issued Shares. On the basis that 401,651,562 Shares in issue as at the Latest Practicable Date and assuming no further issue or repurchase of Shares prior to the date of the Annual General Meeting, if the Repurchase Mandate were exercised in full, the percentage shareholding of KFL Holdings Limited in the Company would increase to approximately 44.4%. Such increase would give rise to an obligation on the part of KFL Holdings Limited to make a mandatory offer under Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any purchases made under the Repurchase Mandate.

Further, the Company may not purchase its own Shares on the Stock Exchange if that purchase would result in the number of Shares which are in the hands of the public falling below 25 per cent. of the Company's issued share capital.

**9. Connected persons**

As at the Latest Practicable Date, no connected person of the Company has notified the Company that he/she/it has a present intention to sell any securities of the Company nor has such connected person undertaken to sell any of the securities held by him/her/it to the Company in the event that the Repurchase Mandate is granted.

**10. Share repurchase made by the Company**

The Company had purchased the Shares (whether on the Stock Exchange or otherwise) during the six months preceding the Latest Practicable Date as follows.

<b>Date of purchase</b>	<b>Number of ordinary shares of HK\$0.50 each</b>	<b>Purchase price per Share HK\$</b>
30 October 2002	56,000	2.50
31 October 2002	30,000	2.50
1 November 2002	64,000	2.475
4 November 2002	40,000	2.50
11 November 2002	48,000	2.475
	2,000	2.50
12 November 2002	2,000	2.45
	54,000	2.475
31 December 2002	116,000	2.575