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## **Moulin International Holdings Limited**

**泰興光學集團有限公司**

*(incorporated in Bermuda with limited liability)*

### **PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES**

**Sole Bookrunner and Lead Manager**

**CAZENOVE**  
**Cazenove Asia Limited**

The Placing and Subscription Agreement was entered into on 14 May 2003 pursuant to which (i) the Sole Bookrunner and Lead Manager has agreed to place, on a fully underwritten basis, the Placing Shares held by the Vendor to not less than six independent placees at the Placing Price; and (ii) the Vendor has agreed to subscribe for and the Company has agreed to allot and issue to the Vendor the New Shares at the Subscription Price subject to, among other things, the granting of the listing of, and permission to deal in, the New Shares by the Listing Committee and completion of the Placing.

Prior to the Placing, the Vendor and parties acting in concert are the largest shareholders of the Company and hold approximately 40.90% of the Company's existing issued share capital. Immediately after the completion of the Placing, but before the Subscription, the combined shareholding of the Vendor and parties acting in concert will be reduced to 30.94% of the existing issued share capital of the Company. The Vendor and parties acting in concert will together hold a total of approximately 37.20% of the issued share capital of the Company as enlarged by the allotment of the New Shares immediately after completion of the Placing and the Subscription.

The net proceeds from the Subscription are estimated to be approximately HK\$136 million. It is the current intention of the Directors to use the net proceeds from the Subscription to expand the Group's distribution business in Europe.

## **PLACING UNDER THE PLACING AND SUBSCRIPTION AGREEMENT DATED 14 MAY 2003**

Vendor:	KFL Holdings Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by a discretionary trust, the objects of which include the Beneficial Shareholders and their family members.
Number of Placing Shares:	40,000,000 Shares, representing approximately 9.96% of the existing issued share capital of the Company and approximately 9.06% of the issued share capital as enlarged by the issue of the New Shares.
Placing Price:	HK\$3.50 per Share, which represents a discount of approximately 4.11% to the closing price of HK\$3.65 per Share quoted on the Stock Exchange on 14 May 2003, the latest trading day prior to the date of the Placing and Subscription Agreement and a discount of approximately 1.13% to the average closing price of approximately HK\$3.54 per Share over the last 10 consecutive trading days up to and including 14 May 2003. The Placing Price has been determined after arms length negotiations between the Vendor, the Company and the Sole Bookrunner and Lead Manager.
Rights:	The Placing Shares will be sold free of any encumbrances and third party rights. The placees will receive all dividends and distributions declared, made or paid after the completion of the Placing.
Placees:	The Sole Bookrunner and Lead Manager has agreed to procure that there will be not less than six independent placees (which will be professional or institutional investors).
Sole Bookrunner and Lead Manager:	Cazenove.
Placing commission:	2.4% of the aggregate Placing Price of the Placing Shares, which is arrived at after arms' length negotiation between the parties. The Company expects that the total amount of the expenses to be borne by the Company in relation to the Placing and the Subscription is approximately HK\$4 million.
Independence of placees and the Sole Bookrunner and Lead Manager:	<p>The placees and the Sole Bookrunner and Lead Manager (and its beneficial owners) are not connected persons (as defined in the Listing Rules) of, and are not parties acting in concert with, the Company, its substantial shareholders, chief executive, directors, associated companies and subsidiaries.</p> <p>None of the placees will become substantial shareholders (as defined in the Listing Rules) of the Company as a result of their acquisition of Shares pursuant to the Placing.</p>
Completion of the Placing:	Completion of the Placing is expected to take place on 19 May 2003 or such later date as may be agreed by the Company, the Vendor and the Sole Bookrunner and Lead Manager.

Force Majeure: The Sole Bookrunner and Lead Manager is entitled, on the occurrence of certain events (including a material breach of any of the undertakings, representations and warranties set out in the Placing and Subscription Agreement, and material adverse change in the financial position of the Company), to terminate the Placing and Subscription Agreement by giving notice to the Company and the Vendor at any time prior to completion of the Placing.

## **SUBSCRIPTION UNDER THE PLACING AND SUBSCRIPTION AGREEMENT DATED 14 MAY 2003**

### **Parties**

Subscriber: The Vendor

Issuer: The Company

Number of New Shares: The Company has agreed to allot and issue to the Vendor and the Vendor has agreed, conditionally as referred to below, to subscribe for the New Shares at the Subscription Price.

The New Shares represent approximately 9.96% of the existing issued share capital of the Company and approximately 9.06% of the issued share capital of the Company as enlarged by the issue of the New Shares. The number of New Shares to be subscribed by the Vendor will be exactly the same as the number of Placing Shares.

Subscription Price: HK\$3.50 per Share, which is equivalent to the Placing Price.

All the commission, costs, and expenses incurred in relation to the Placing and the Subscription will be borne by the Company and interest accrued on the net Placing proceeds from the date of completion of the Placing to the date of completion of the Subscription will be for the benefit of the Company.

General mandate to issue New Shares: The New Shares will be issued under the general mandate granted to the Directors pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 6 September 2002.

Ranking: The New Shares, when fully paid, will rank pari passu with all the existing Shares of the Company in issue as at the date of issue of the New Shares.

Conditions and completion of the Subscription: The Subscription by the Vendor of the New Shares is conditional upon the satisfaction of the following conditions by not later than 26 May 2003 (or such later date as may be agreed between the Sole Bookrunner and Lead Manager, the Vendor and the Company):

- (i) completion of the Placing;

- (ii) the granting of the listing of, and permission to deal in, the New Shares by the Listing Committee; and
- (iii) the granting of a waiver to the Vendor and persons acting in concert with it from the obligation to make a general offer for all the Shares in issue pursuant to Note 6 on dispensations from Rule 26 of the Code by the Executive

Completion of the  
Subscription:

The Subscription is expected to be completed on or before 27 May 2003, being the date falling fourteen days from the date of the Placing and Subscription Agreement. In the event that the Subscription is not completed within fourteen days from the date of the Placing and Subscription Agreement, the Company will fully comply with the requirements of Chapter 14 of the Listing Rules.

Lock-up:

Pursuant to the Placing and Subscription Agreement, each of the Vendor and the Beneficial Shareholders has undertaken to the Sole Bookrunner and Lead Manager that, prior to the expiry of the period of six months from the date of the Placing and Subscription Agreement, it will not and will procure that none of its nominees will sell or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the New Shares but excluding the Placing Shares) or any interests therein, without the prior written consent of the Sole Bookrunner and Lead Manager.

Pursuant to the Placing and Subscription Agreement, the Company has undertaken to the Sole Bookrunner and Lead Manager that, prior to the expiry of the period of six months from the date of the Placing and Subscription Agreement, it will not allot or issue or agree to allot or issue (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares, otherwise than by way of a rights issue or pursuant to the exercise of the options which may be granted under the share option scheme of the Company from time to time in force or an issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-laws of the Company, without the prior written consent of the Sole Bookrunner and Lead Manager.

Principal business

The principal business activity of the Group is the design, manufacture, distribution and retail sales of optical products.

Application for listing:

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the New Shares.

Application for waiver from the obligation to make a general offer for all Shares in issue pursuant to Note 6 on dispensations from Rule 26 of the Code

Pursuant to Rule 26.1(d) of the Code, where two or more persons are acting in concert, and they collectively hold not less than 30%, but not more than 50%, of the voting rights of a company, and any one or more of them acquires additional voting rights and such acquisition has the effect of increasing their collective holding of voting rights of the company by more than 2% from the lowest collective percentage holding of such persons in the 12 month period prior to such acquisition, such person is obliged to make a mandatory offer for all of the issued shares of that company unless a waiver is obtained from the SFC. For the purpose of the Code, the Vendor, the Beneficial Shareholders and United Will Holdings Limited are considered to be acting in concert. The aggregate interests in the Company held by the Vendor and the parties acting in concert prior to the Placing is approximately 40.90%. Pursuant to the Subscription, the collective interests in the registered capital of the Company held by the Vendor and parties acting in concert will increase from 30.94% to 37.20%. The Vendor and parties acting in concert will apply to the SFC for a waiver from the obligation to make a general offer for all the Shares in issue pursuant to Note 6 on dispensations from Rule 26 of the Code by the Executive.

## EFFECT OF THE PLACING AND THE SUBSCRIPTION

The effects on the shareholding structure of the Company pursuant to the Placing and the Subscription are as follows:

	At present		Immediately after completion of the Placing but before Subscription		Immediately after completion of the Placing and Subscription	
	Number of Shares (000)	%	Number of Shares (000)	%	Number of Shares (000)	%
Vendor and parties acting in concert	164,286	40.90%	124,286	30.94%	164,286	37.20%
Places	0	0.00%	40,000	9.96%	40,000	9.06%
Public and other shareholders	<u>237,366</u>	<u>59.10%</u>	<u>237,366</u>	<u>59.10%</u>	<u>237,366</u>	<u>53.74%</u>
Total	<u>401,652</u>	<u>100.00%</u>	<u>401,652</u>	<u>100.00%</u>	<u>441,652</u>	<u>100.00%</u>

## REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors estimate that the net proceeds of the Subscription will amount to approximately HK\$136 million. It is the current intention of the Directors to use the net proceeds from the Subscription to expand the Group's distribution business in Europe.

## DEFINITIONS

“Beneficial Shareholders”	Mr. Ma Bo Kee, Mr. Ma Bo Fung, Mr. Ma Bo Lung, Mr. Ma Lit Kin, Cary and Mr. Ma Hon Kin, Dennis.
“Cazenove” or “Sole Bookrunner and Lead Manager”	Cazenove Asia Limited, an investment adviser and a dealer deemed to be licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Sole Bookrunner and Lead Manager of the Placing
“Code”	the Hong Kong Code on Takeovers and Mergers
“Company”	Moulin International Holdings Limited, the securities of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Shares”	40,000,000 new Shares to be subscribed by the Vendor at the Subscription Price under the Placing and Subscription Agreement and is equal to the number of Placing Shares sold under the Placing and Subscription Agreement
“Placing”	the placing of the Placing Shares by the Sole Bookrunner and Lead Manager, on behalf of the Vendor pursuant to the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the placing and subscription agreement entered into on 14 May 2003 between the Vendor, the Beneficial Shareholders, the Company and the Sole Bookrunner and Lead Manager in relation to the Placing and the Subscription
“Placing Price”	HK\$3.50 per Placing Share
“Placing Shares”	40,000,000 Shares currently owned by the Vendor
“PRC”	the People’s Republic of China
“Share(s)”	Share(s) of nominal value of HK\$0.50 each in the capital of the Company
“SFC”	Securities and Futures Commission of Hong Kong

“Sole Bookrunner and Lead Manager”	Cazenove, the Sole Bookrunner and Lead Manager of the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	The subscription for the New Shares by the Vendor at the Subscription Price pursuant to the Placing and Subscription Agreement
“Subscription Price”	HK\$3.50 per New Share
“Vendor”	KFL Holdings Limited, a company incorporated under the laws of the British Virgin Islands which is wholly and beneficially owned by a discretionary trust, the objects of which include Mr. Ma Bo Kee, Mr. Ma Bo Fung, Mr. Ma Bo Lung, Mr. Ma Lit Kin, Cary, Mr. Ma Hon Kin, Dennis and their family members

By Order of the Board  
**Moulin International Holdings Limited**  
**Ma Bo Kee**  
*Chairman*

Hong Kong, 14 May 2003

*The information contained in this announcement has been provided by the Directors. The Directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in the announcement misleading.*

Please also refer to the published version of this announcement in the South China Morning Post.