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MILLENNIUM SENSE HOLDINGS LIMITED

千禧智慧控股有限公司*

(Incorporated in Bermuda with limited liability)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

RESUMPTION OF TRADING

Placing Agent



KINGSTON SECURITIES LIMITED

Placing of existing Shares and subscription of new Shares

On 12 January 2004, Smart Number has entered into (1) the Placing Agreement with the Placing Agent and (2) the conditional Subscription Agreement with the Company respectively. Pursuant to the Placing Agreement, Smart Number agreed to place, through the Placing Agent, 30,000,000 Placing Shares to not less than six independent investors at a price of HK\$0.63 each. The Placing Shares are to be placed by the Placing Agent on best effort basis. Pursuant to the Subscription Agreement, the Company conditionally agreed to allot and issue, and Smart Number conditionally agreed to subscribe for the Subscription Shares at a price of HK\$0.63 each.

The Placing Shares represent about 18.18% of the existing issued share capital of the Company and about 15.38% of the then issued share capital of the Company as enlarged by the Subscription. If the Placing Shares are fully placed, the Subscription Shares will represent

* *for identification purposes only*

about 18.18% of the existing issued share capital of the Company and about 15.38% of the then issued share capital of the Company as enlarged by the Subscription.

Completion of the Subscription Agreement is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares; the completion of the Placing; and if required, the Bermuda Monetary Authority granting or agreeing to grant permission to allot, issue and subsequent transfer of the Subscription Shares.

The net proceeds from the Subscription are approximately HK\$18.50 million. The Company intends to use approximately HK\$9 million of the net proceeds for reduction of the revolving loan facilities provided by banks for its operation and the balance of approximately HK\$9.5 million for general working capital of the Group.

Exceptional trade volume movement

The Board has noted the increase in the trading volume of the Shares on 12 January 2004 and wishes to state that save as disclosed in this announcement, it is not aware of any reasons for such increase.

Suspension and resumption of trading of the Shares

At the request of the Company, dealings in the Shares on the Stock Exchange were suspended with effect from 9:30 a.m. on 13 January 2004 pending the release of this announcement. Application has been made for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 14 January 2004.

THE PLACING AGREEMENT

1. Placing Agreement

The Placing Agreement was entered into between Smart Number and the Placing Agent on 12 January 2004. Pursuant to the Placing Agreement, Smart Number agreed to place, through the Placing Agent, 30,000,000 Placing Shares to independent investors at a price of HK\$0.63 each. The Placing Shares are to be placed by the Placing Agent on a best effort basis. If the Placing Shares are not fully placed, further announcement will be made by the Company.

The Placing Agent is not a connected person (as defined in the Listing Rules) of the Company and does not own any Shares.

2. Placees

Not fewer than six institutional, corporate and / or individual investors who, together with their respective ultimate beneficial owners, will be third parties independent of and not connected persons (as defined in the Listing Rules) of the Company. None of the placee will become a substantial Shareholder immediately after completion of the Placing and the Subscription.

3. Placing price

HK\$0.63 per Placing Share represents a discount of approximately 5.97% to the closing price of HK\$0.67 per Share as quoted on the Stock Exchange on 12 January 2004, being the last trading day before the publication of this announcement, and represents a premium of approximately 38.61% to the average closing price of the Shares of approximately HK\$0.45 per Share quoted on the Stock Exchange for the last ten trading days up to and including 12 January 2004. The placing price was arrived at after arm's length negotiation and on commercial terms between the Company and the Placing Agent.

4. Number of Shares to be placed

30,000,000 existing Shares are to be placed, representing about 18.18% of the existing issued share capital of the Company of 165,000,000 Shares and about 15.38% of the then issued share capital of the Company of 195,000,000 Shares as enlarged by the Subscription.

5. Completion of the Placing

The Placing Agreement is unconditional. Completion of the Placing will take place on the third business day of dealing in the Shares immediately after the date of the Placing Agreement or such other date as may be agreed between the Placing Agent and Smart Number.

THE SUBSCRIPTION AGREEMENT

1. Subscription Agreement

On 12 January 2004, the Company and Smart Number entered into the Subscription Agreement in which the Company conditionally agreed to allot and issue, and Smart Number conditionally agreed to subscribe for the Subscription Shares at a price of HK\$0.63 each.

2. The subscriber

The present shareholding of Smart Number, the controlling Shareholder, is approximately 60.64% of the existing issued share capital of the Company. Smart Number will hold approximately 51.31% of the then issued share capital of the Company immediately after the Placing and the Subscription.

3. Subscription price

The price of the Subscription Shares of HK\$0.63 per Share, which is equivalent to the price of the Placing Shares, was determined after arm's length negotiation and with reference to the price per Placing Share.

4. Number of Shares to be subscribed

If the Placing Shares are fully placed, 30,000,000 new Shares will be subscribed, which is same as the number of Shares placed by Smart Number and representing about 18.18% of the existing issued share capital of the Company of 165,000,000 Shares and about 15.38% of the then issued share capital of the Company of 195,000,000 Shares as enlarged by the Subscription. The Subscription Shares will rank pari passu with the existing Shares.

5. Mandate to issue new Shares

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 24 November 2003. The Directors confirm that no new Shares have been issued under such general mandate.

6. Conditions of the Subscription Agreement

Completion of the Subscription Agreement is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares; the completion of the Placing; and if required, the Bermuda Monetary Authority granting or agreeing to grant permission to allot, issue and subsequent transfer of the Subscription Shares.

7. Completion

Subject to the fulfillment of the above conditions, the Subscription is to be completed within 14 days after the date of the Placing Agreement, i.e. not later than 26 January 2004. If the Subscription is not completed within 14 days after the date of the Placing Agreement, the Subscription will constitute a connected transaction for the Company under the Listing Rules and Shareholders' approval will be required and the relevant provisions of the Listing Rules in relation to connected transaction will apply. Further announcement will be made by the Company if required.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE

The following table sets out the change in the Company's shareholding structure if the Placing Shares are fully placed.

	Shareholding before the Placing and the Subscription		Shareholding after the Placing but before the Subscription		Shareholding after the Placing and the Subscription	
	<i>No. of shares</i>	<i>(%)</i>	<i>No. of shares</i>	<i>(%)</i>	<i>No. of shares</i>	<i>(%)</i>
Smart Number	100,050,000	60.64	70,050,000	42.45	100,050,000	51.31
Public	64,950,000	39.36	94,950,000	57.55	94,950,000	48.69
Total	<u>165,000,000</u>	<u>100.00</u>	<u>165,000,000</u>	<u>100.00</u>	<u>195,000,000</u>	<u>100.00</u>

USE OF PROCEEDS

The Company will bear all costs and expenses of approximately HK\$400,000 in connection with the Placing and the Subscription. The net proceeds from the Subscription are approximately HK\$18.50 million. The Company intends to use approximately HK\$9 million of the net proceeds for reduction of the revolving loan facilities provided by banks for its operation and the balance of approximately HK\$9.5 million for general working capital of the Group, which will be placed with interest bearing account(s) of financial institution(s) before use.

REASONS FOR THE PLACING AND SUBSCRIPTION

The Company considers that the Placing is a good opportunity to raise capital for the Company in view of the current equity market condition and that the Group, with the additional funds from the Placing, would have additional working capital to expand its operation. In addition, the Directors consider that the Placing and the Subscription will broaden its shareholders' base and provide cash inflow, reduce the Group's gearing ratio and strengthen the financial position of the Company. The Board confirms that the Group has not identified any investment opportunities for the time being.

GENERAL

The principal business activities of the Group are the design, manufacture and trading of a wide range of cigarette lighters and lighter-related accessories. On the other hand, the Group is seeking investments in a broader range of sectors in order to reduce its reliance on the lighter industry in view of the intense competition in that industry. Notwithstanding the dilution effect of the Subscription and after considering and exploring other methods of funding such as issuance of debt and convertible securities, the Directors consider that the Subscription will allow the Company to obtain an additional source of finance which is less costly than bank borrowings and convertible securities with the benefit of strengthening the asset base of the Company. As such, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole. The Directors consider that the terms of the Placing Agreement (including the placing fee to be charged by the Placing Agent) and the Subscription Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors confirm that the Group did not have any capital raising activities during the past 12 months immediately before the date of this announcement.

EXCEPTIONAL TRADE VOLUME MOVEMENT

The Board has noted the increase in the trading volume of the Shares on 12 January 2004 and wishes to state that save as disclosed in this announcement, it is not aware of any reasons for such increase.

The Board also confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

SUSPENSION AN RESUMPTION OF TRADING OF THE SHARES

At the request of the Company, dealings in the Shares on the Stock Exchange were suspended with effect from 9:30 a.m. on 13 January 2004 pending the release of this announcement. Application has been made for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 14 January 2004.

Made by the order of the Board, the Directors of which individually and jointly accept responsibility for the accuracy of this announcement.

DEFINITIONS

In the announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of directors of the Company
“Company”	Millennium Sense Holdings Limited, a company incorporated in Bermuda with limited liability on 28 October 1997 and the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company, its subsidiaries and associated company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Placing”	the placing of 30,000,000 existing Shares under the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation for type 1, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance
“Placing Agreement”	the agreement dated 12 January 2004 entered into between Smart Number and the Placing Agent in relation to the Placing
“Placing Shares”	30,000,000 existing Shares to be placed pursuant to the Placing
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Smart Number”	Smart Number Investments Limited, a company incorporated in the British Virgin Islands with limited liability, being the controlling Shareholder interested in about 60.64% of the existing issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by Smart Number pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 12 January 2004 by Smart Number and the Company in relation to the Subscription
“Subscription Price”	HK\$0.63, being the price of each Subscription Share
“Subscription Shares”	such amount of new Shares equivalent to the number of Placing Shares as placed by the Placing Agent up to 30,000,000 new Shares to be subscribed under the Subscription Agreement

By Order of the Board
Millennium Sense Holdings Limited
KANJANAPAS Chong Kwong, Derek
Chairman

Hong Kong, 13 January 2004

Please also refer to the published version of this announcement in The Standard.