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**泰興光學集團有限公司\***  
**Moulin Global Eyecare Holdings Limited**  
*(Incorporated in Bermuda with limited liability)*  
*(formerly known as “Moulin International Holdings Limited”)*  
**(Stock Code: 389)**

**ISSUE OF CONVERTIBLE BONDS**

**AND**

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

**AND**

**RESUMPTION OF TRADING**

The Company raised total proceeds of approximately HK\$635 million pursuant to a convertible bond issue and a top-up placing which were underwritten by J.P. Morgan.

**ISSUE OF CONVERTIBLE BONDS**

The Directors are pleased to announce that on 19 February 2005, the Company entered into the conditional Subscription Agreement with the Manager in connection with the issue of Convertible Bonds by the Company, with an aggregate principal amount of HK\$321 million. Upon full conversion of the Convertible Bonds, a total of 45,224,006 new Shares will be issued at an initial conversion price of HK\$7.098 per Share, subject to adjustments, which represent about 9.1% of the existing issued share capital of the Company and about 7.5% of the issued share capital of the Company as enlarged by the Subscription Top-up and the full conversion of the Convertible Note at the initial conversion price of HK\$7.098 per Share.

The initial Conversion price of HK\$7.098 per Conversion Share (subject to adjustment) represents (i) a premium of approximately 10.9% to the closing price of HK\$6.4 per Share as quoted on the Hong Kong Stock Exchange on 18 February 2005; (ii) a premium of approximately 14.3% to the average closing price of HK\$6.21 per Share as quoted on the Hong Kong Stock Exchange for the last 5 trading days up to and including 18 February 2005; and (iii) a premium of approximately 13.4% to the average closing price of HK\$6.26 per Share as quoted on the Hong Kong Stock Exchange for the last 10 trading days up to and including 18 February 2005.

**Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. Please refer to the section headed “Issue of Convertible Bonds — Conditions of the Subscription Agreement”. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed “Issue of Convertible Bonds — Termination” below for further information.**

The Convertible Bonds will be offered and sold to persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance upon Regulation S of the US Securities Act. None of the Convertible Bonds will be offered to the public in Hong Kong and none of the Convertible Bonds will be placed to any directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules).

An application will be made for the listing of the Convertible Bonds on the Hong Kong Stock Exchange. The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The net proceeds from the issue of the Convertible Bonds are estimated to be approximately HK\$306 million and are intended to be used to retire a portion of the Company’s bank debt.

## **PLACING OF EXISTING SHARES AND SUBSCRIPTION TOP-UP FOR NEW SHARES**

The Directors of the Company are also pleased to announce that on 19 February 2005, the Vendor and the Company entered into the Placing and Subscription Agreement with the Placing Agent, pursuant to which the Placing Agent will procure purchasers to acquire, or failing which will itself as principal acquire, and the Vendor will sell, or procure the sale of, in aggregate 54,773,674 existing Shares at the Placing Price of HK\$5.724 per Share.

The Placing Shares represent approximately 11.0% of the existing issued share capital of the Company of 499,200,562 Shares and approximately 9.1% of the issued share capital of the Company as enlarged by the Subscription Top-up.

The Placing Price represents (i) a discount of approximately 10.6% to the closing price of HK\$6.4 per Share as quoted on the Hong Kong Stock Exchange on 18 February 2005; (ii) a discount of approximately 7.8% of the average closing price of approximately HK\$6.21 per Share as quoted on the Hong Kong Stock Exchange for the last 5 trading days up to and including 18 February 2005, and (iii) a discount of approximately 8.6% to the average closing price of approximately HK\$6.26 per Share as quoted on the Hong Kong Stock Exchange for the last 10 trading days up to and including 18 February 2005.

Pursuant to the Placing and Subscription Agreement, the Vendor has also conditionally agreed to subscribe or procure the subscription of an aggregate of 54,616,106 New Shares at the Placing Price. The New Shares represent approximately 10.9% of the existing issued share capital of the Company of 499,200,562 Shares and approximately 9.9% of the issued share capital of the Company as enlarged by the Subscription Top-up.

The issue of 45,224,006 new Shares upon conversion of the Convertible Bonds at an initial conversion price of HK\$7.098 per Share (assuming full conversion of the Convertible Bonds) (as described above under the section headed “Issue of Convertible Bonds”) and the issue of 54,616,106 new Shares under the Subscription Top-up at the Placing Price of HK\$5.724 represent a weighted average issue price of approximately HK\$6.35 per Share.

The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares.

The net proceeds from the Subscription Top-up are estimated to be approximately HK\$303 million, which the Company intends to use for general working capital and to further expand the Group’s retail operations in China.

## **GENERAL**

**As the Subscription Agreement and the Placing and Subscription Agreement may or may not complete, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares of the Company.**

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange has been suspended since 9:30 a.m. (Hong Kong time), on 21 February 2005 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Hong Kong Stock Exchange with effect from 9:30 a.m. (Hong Kong time) on 22 February 2005.

## **1. ISSUE OF CONVERTIBLE BONDS**

### **SUBSCRIPTION AGREEMENT DATED 19 FEBRUARY 2005**

#### **Introduction**

The Directors are pleased to announce that on 19 February 2005, the Company entered into the Subscription Agreement with the Manager in connection with the issue of the Convertible Bonds with an aggregate principal amount of HK\$321 million. The Convertible Bonds are denominated in HK dollars and are convertible into Shares.

#### **Parties**

- (a) the Company; and
- (b) the Manager.

The Manager is the manager in respect of the subscription and issue of the Convertible Bonds. The Manager and its ultimate beneficial owners are independent of the Company and its connected persons (as defined in the Listing Rules).

Subject to the fulfilment of the conditions set out below under the sub-section headed “Conditions of the Subscription Agreement” and pursuant to the terms of the Subscription Agreement, the Manager has agreed, among other things, to subscribe or procure subscribers (who are independent and not acting in concert with the Vendor and the Concert Parties) for the Convertible Bonds.

The Convertible Bonds will be offered and sold to independent persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance upon Regulation S of the US Securities Act. None of the Convertible Bonds will be offered to the public in Hong Kong and none of the Convertible Bonds will be placed to any connected persons (as defined in the Listing Rules) of the Company.

### **Conditions of the subscription of and payment for the Convertible Bonds**

The obligations of the Manager to subscribe and pay for the Convertible Bonds are conditional upon, among other things:

- (a) the execution of a trust deed and paying and conversion agency agreement in relation to the Convertible Bonds, each in a form reasonably acceptable to the Manager;
- (b) the Hong Kong Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Manager, to list the Convertible Bonds and the Hong Kong Stock Exchange having agreed to list the new Shares to be issued upon conversion of the Bonds (or, in each case, the Manager being reasonably satisfied that such listing will be granted);
- (c) the issuance of certain legal opinions and auditor’s comfort letters;
- (d) (if required) the Bermuda Monetary Authority consenting to the issue of the Bonds and/or the new Shares to be issued upon conversion of the Convertible Bonds; and
- (e) there being no material adverse change in the financial condition, operations, business or properties of the Group at the Subscription Closing Date.

### **Certain undertakings relating to the Subscription Agreement**

The Company has undertaken to the Manager, among other things, that (subject to certain exceptions which include the Placing and the Subscription Top-up), it will not (and will procure none of its subsidiaries or other affiliates over which it exercises management or voting control will) for a period from the date of the Subscription Agreement until 90 days after the Subscription Closing Date, without the prior written consent of the Manager (such consent not to be unreasonably withheld), (i) issue, offer, sell, contract to sell, pledge or otherwise dispose of any Shares or securities convertible or exchangeable into or exercisable or exchangeable for Shares or warrants or other rights to purchase Shares; or (ii) publicly announce any intention to enter into any transactions described in (i).

## **Termination**

The Subscription Agreement may be terminated in certain circumstances. In particular, the Manager may terminate the Subscription Agreement by notice in writing to the Company at any time on or prior to the payment of the net subscription monies for the Convertible Bonds to the Company. Such circumstances include, without limitation, if there shall have come to the notice of the Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement.

## **Completion of the subscription and issue of the Convertible Bonds**

Subject to the foregoing, completion of the subscription and issue of the Convertible Bonds shall take place on the Subscription Closing Date, which is expected to be at 10:00 a.m. (Hong Kong time) on 19 April 2005 (or such other time or date on or before 26 April 2005 as the Company and the Manager may agree).

## **Principal Terms of the Convertible Bonds**

The terms of the Convertible Bonds are derived based on arms-length negotiation between the Company and the Manager by reference to prevailing market conditions, including the convertible bonds market conditions. As such, the Directors consider the terms to be fair and reasonable.

The principal terms of the Convertible Bonds are summarised below:

Issuer	The Company
Sole Bookrunner and Lead Manager	The Manager
Principal Amount	HK\$321 million
Maturity Date	19 April, 2010, 5 years from (and inclusive of) the Subscription Closing Date
Coupon	1.95%
Issue Price	100% of the principal amount
Conversion	Subject to certain conditions, the Convertible Bonds are convertible into Conversion Shares at the Conversion Price (as described below) (subject to adjustment) at any time on or after 20 June 2005 to 9 April 2010.
Conversion Price	The initial price at which a Conversion Share will be issued will be HK\$7.098 per Conversion Share. The Conversion Price will be subject to adjustment for, among other things, consolidation, subdivision or reclassification of the Shares, bonus issues, rights issues and other dilutive events.

Redemption at Maturity	Unless previously redeemed, converted or purchased and cancelled in the circumstances set out in the Terms and Conditions, the Company will redeem each Convertible Bond together with unpaid accrued interest thereon on the Maturity Date (as defined above) at 128.968% of the outstanding principal amount thereof.
Cash settlement option of the Company	The Company may, at its option, satisfy its obligation to deliver Conversion Shares pursuant to the exercise of the right of conversion of a Bondholder, in whole or in part, by paying to the relevant Bondholder an amount of cash in Hong Kong dollars equal to the product of (i) the number of Conversion Shares otherwise deliverable upon exercise of such Bondholder's right of conversion in respect of which the Company has elected to satisfy by cash and (ii) the arithmetic average of the closing price of the Shares on the Hong Kong Stock Exchange for each day during the 10 trading days immediately following the conversion date.
Redemption at the option of the Company	<p>The Company may redeem the Convertible Bonds, in whole or in part, on or at any time after 19 April 2008, but not less than 7 business days prior to the Maturity Date (as described above), subject to satisfaction of certain conditions, at the Early Redemption Amount (as defined in the Terms and Conditions) at, the date fixed for such redemption provided that the closing price of the Shares for each of any 20 trading days out of the 30 consecutive trading days prior to the date upon which notice of such redemption was given to Bondholders, was at least 130% of the Accreted Conversion Price (as described above) in effect on such trading day.</p> <p>If at any time the aggregate principal amount of the Convertible Bonds outstanding is not greater than 10% of the aggregate principal amount originally issued, the Company shall have the option to redeem such outstanding Convertible Bonds in whole but not in part at their Early Redemption Amount.</p>
Form and Denomination	<p>The Convertible Bonds will be issued in registered form and in denominations of HK\$10,000 each or integral multiples thereof.</p> <p>Upon issue, the Convertible Bonds will be represented by a global certificate to be deposited with a common depositary for, and representing Convertible Bonds registered in the name of a common nominee of, Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking, societe anonyme.</p>
Status	The Convertible Bonds will constitute direct, senior, unsubordinated, unconditional and, subject to certain conditions, unsecured obligations of the Company and will at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds will at all times rank at least equally with all of its other present and future direct, senior, unsubordinated, unconditional and unsecured obligations, save for exceptions as may be required by mandatory provisions of law and subject to certain conditions.

Negative Pledges	So long as any Convertible Bond remains outstanding, the Company has agreed that, unless certain conditions are met, it will not create or permit to subsist, and the Company will procure that no Material Subsidiary (as defined in the Terms and Conditions) will create or permit to subsist any Security upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any International Investment Securities or to secure any guarantee of or indemnity in respect of, any International Investment Securities.
Listing	Application will be made for the listing of the Convertible Bonds on the Hong Kong Stock Exchange. No application will be made for the listing of the Convertible Bonds on any other stock exchange.  Application will be made for the listing of, and permission to deal in, the Conversion Shares on the Hong Kong Stock Exchange.

### Comparison of the Conversion price

The initial Conversion price of HK\$7.098 per Conversion Share (subject to adjustment) represents (i) a premium of approximately 10.9% to the closing price of HK\$6.4 per Share as quoted on the Hong Kong Stock Exchange on 18 February 2005; (ii) a premium of approximately 14.3% to the average closing price of HK\$6.21 per Share as quoted on the Hong Kong Stock Exchange for the last 5 trading days up to and including 18 February 2005; and (iii) a premium of approximately 13.4% to the average closing price of HK\$6.26 per Share as quoted on the Hong Kong Stock Exchange for the last 10 trading days up to and including 18 February 2005.

### Conversion Shares

For illustrative purpose and assuming conversion at HK\$7.098 per Conversion Share (subject to adjustment for, among other things, subdivision or consolidation of the Shares, bonus issues, rights issues and other dilutive events), the Convertible Bonds with an aggregate principal amount of HK\$321 million are convertible into approximately 45,224,006 Conversion Shares, representing approximately 9.1% of the existing issued share capital of the Company and approximately 7.5% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares and the New Shares to be issued pursuant to the Placing and Subscription Agreement.

The Conversion Shares will be issued pursuant to the general mandate given by the Shareholders to the Directors at the annual general meeting of the Company held on 14 June 2004.

**Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. As the Subscription Agreement may or may not complete, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares of the Company.**

The Company will promptly notify the Hong Kong Stock Exchange if it becomes aware of any dealings in the Convertible Bonds by any connected person (as defined in the Listing Rules) of the Company.

A shareholders' circular in respect of the listing of the Convertible Bonds will be despatched no later than 26 April 2005.

**An announcement will be made by the Company upon completion of the Subscription Agreement.**

**2. PLACING OF EXISTING SHARES AND SUBSCRIPTION TOP-UP FOR NEW SHARES**

**PLACING AND SUBSCRIPTION AGREEMENT DATED 19 FEBRUARY 2005**

**Parties**

- (a) the Vendor;
- (b) the Company; and
- (c) the Placing Agent.

**The Placing Shares**

54,773,674 existing Shares are to be placed, representing approximately 11.0% of the existing issued share capital of the Company and approximately 9.1% of the issued share capital of the Company as enlarged by the Subscription Top-up.

**Placing Agent**

The Placing is fully underwritten by the Placing Agent. The Placing Agent is not a connected person of the Company under the Listing Rules for the purposes of this transaction.

**Placing Price**

The Placing Price of HK\$5.724 per Share was arrived at after arm's length negotiations between the Company, the Vendor and the Placing Agent. It represents (i) a discount of approximately 10.6% to the closing price of HK\$6.4 per Share as quoted on the Hong Kong Stock Exchange on 18 February 2005, (ii) a discount of approximately 7.8% of the average closing price of approximately HK\$6.21 per Share as quoted on the Hong Kong Stock Exchange for the last 5 trading days up to and including 18 February 2005; and (iii) a discount of approximately 8.6% to the average closing price of approximately HK\$6.26 per Share as quoted on the Hong Kong Stock Exchange for the last 10 trading days up to and including 18 February 2005.

**Rights**

The Placing Shares will be sold free of all liens, charges and encumbrances, and together with all rights attaching thereto as at 21 February 2005, including the right to receive all dividends or other distributions declared, made or paid on or after 21 February 2005.

**Independence of placees**

The placees and their ultimate beneficial owners are not connected persons of the Company (as defined in the Listing Rules). The Placing Agent expects that there will be not less than six placees who will be (i) professional and institutional investors who are not acting in concert with the Vendor and the Concert Parties which term generally include brokers, dealers and companies (including fund managers), whose ordinary business involves dealing in shares and other securities; and (ii) corporate entities which regularly invest in shares and other securities.



## **Termination events**

The obligation of the Placing Agent to proceed to completion of the Placing is conditional on:

- (a) there not developing, occurring or coming into force: (i) any new law or regulation or change in existing laws or regulations which in the opinion of the Placing Agent has or is likely to have a material adverse effect on the financial position of the Group as a whole; or (ii) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions which in the opinion of the Placing Agent is or would be materially adverse to the success to the Placing; (iii) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or exchange controls, which in the opinion of the Placing Agent is or would be materially adverse to the Placing, or makes it impractical or inadvisable or inexpedient to proceed therewith; or (iv) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing), which in the opinion of the Placing Agent is or would be materially adverse to the Placing, or makes it impractical or inadvisable or inexpedient to proceed therewith; or (v) any moratorium, suspension or material restriction on trading in shares or securities generally on the Hong Kong Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Placing Closing Date, which in the opinion of the Placing Agent is or would be materially adverse to the Placing, or makes it impractical or inadvisable or inexpedient to proceed therewith; or
- (b) any breach of any of the representations, warranties and undertakings (as set out in the Placing and Subscription Agreement) by the Company and/or the Vendor comes to the knowledge of the Placing Agent or any event occurring or any matter arising on or after the date of the Placing and Subscription Agreement and prior to the Placing Closing Date which if it had occurred or arisen before the date of the Placing and Subscription Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any material respect in such a manner as would in the opinion of the Placing Agent, materially and adversely affect the financial position or business of the Group as a whole or there has been a breach of, or failure to perform, any other provision of the Placing and Subscription on the part of the Vendor and/or the Company; or
- (c) there is any such adverse change in the general affairs, management, business, stockholders' equity or in the financial or trading position of the Group as a whole which in the opinion of the Placing Agent is materially adverse to the success of the Placing.

If the Placing Agent exercises any of the above rights to terminate the Placing and Subscription Agreement, the Placing and Subscription Top-up will not proceed. Shareholders and investors are advised to exercise caution in dealing in the Shares.

## **Completion of the Placing**

The parties expect that the Placing will be completed on 23 February 2005 (or such other date as the Vendor and the Placing Agent may agree in writing).

## **Lock-up**

The Vendor has undertaken to the Placing Agent that (except for the sale of Sale Shares pursuant to the Placing and Subscription Agreement) for the period of 90 days from the Subscription Closing Date, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the New Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Placing Agent.

The Company has undertaken to the Placing Agent, and the Vendor has undertaken to the Placing Agent to procure, that for a period of 90 days from the Subscription Closing Date, the Company will not, except for the New Shares and save pursuant to (1) the terms of any employee share option scheme of the Company or (2) any outstanding subscription warrants, or (3) conversion of outstanding convertible bonds or the bonds to be issued by the Company pursuant to the Subscription Agreement, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares; or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) and (ii) above without first having obtained the written consent of the Placing Agent.

## **The New Shares**

54,616,106 new Shares will be subscribed by the Vendor, representing approximately 10.9% of the existing issued share capital of the Company and approximately 9.9% of the issued share capital of the Company as enlarged by the Subscription Top-up (but excluding the enlargement of the issued share capital of the Company after the issue of Conversion Shares).

## **Subscription Top-up Price**

The Subscription Top-up Price is equivalent to the Placing Price of HK\$5.724 per Share.

The issue of 45,224,006 new Shares upon conversion of the Convertible Bonds at an initial conversion price of HK\$7.098 per Share (assuming full conversion of the Convertible Bonds) (as described above under the section headed “Issue of Convertible Bonds”) and the issue of 54,616,106 new Shares under the Subscription Top-up at the Placing Price of HK\$5.724 represent a weighted average issue price of HK\$6.35 per Share.

## **General mandate to issue New Shares**

The New Shares will be issued pursuant to the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 14 June 2004.

An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares.

The Conversion Shares and the New Shares represent 20% of the issued share capital of the Company as at 14 June 2004.

## **Ranking**

The New Shares shall, when fully paid, rank pari passu in all respects with the existing Shares of the Company in issue or to be issued by the Company on or prior to the date of completion of the Subscription.

## **Conditions of the Subscription Top-up**

Completion of the Subscription Top-up is conditional upon the fulfilment of the following conditions:

- (a) the Listing Committee of the Hong Kong Stock Exchange granting listing of and permission to deal in the New Shares;
- (b) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement;
- (c) the Executive Director of the Corporate Finance Division of the Securities and Futures Commission granting the Vendor a waiver from the obligation to make a general offer under the Takeovers Code; and
- (d) (if necessary) the Bermuda Monetary Authority consenting to the issue of the New Shares.

Condition (c) above cannot be waived. This waiver is required pursuant to note 6 of the notes on dispensation from Rule 26 of the Takeovers Code from the obligation to make a general offer under Rule 26 which would otherwise arise as a result of the Subscription and Top-up.

## **Completion of the Subscription Top-up**

Subject to fulfilment of the above conditions, completion of the Placing and Subscription Agreement shall take place not later than 14 days after the date of the Placing and Subscription Agreement or such later time and/or date as the Company and the Vendor may agree in writing. If the Placing and Subscription Agreement is not completed within 14 days after the date of the Placing and Subscription Agreement, the Subscription Top-up would constitute a connected transaction for the Company under the Listing Rules requiring independent shareholders approval.

### 3. CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholdings in the Company before and after the Placing and the Subscription Top-up (without taking account of the Shares to be issued pursuant to the exercise of Share Options or the Conversion Shares) are summarised as follows:

	<b>At present</b>		<b>Immediately after completion of the Placing but before Subscription Top-up</b>		<b>Immediately after completion of the Placing and Subscription Top-up</b>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Vendor <sup>3</sup> and Concert Parties	175,468,843	35.1%	120,695,169	24.2%	175,311,275	31.7%
Placees	—	—	54,773,674	11.0%	54,773,674	9.9%
Other Shareholders	323,731,719	64.9%	323,731,719	64.9%	323,731,719	58.5%
<b>Total</b>	<b><u>499,200,562</u></b>	<b><u>100.0%</u></b>	<b><u>499,200,562</u></b>	<b><u>100.0%</u></b>	<b><u>553,816,668</u></b>	<b><u>100.0%</u></b>

The shareholdings in the Company before and after the Placing and the Subscription Top-up and the issue of the Conversion Shares<sup>1</sup> (without taking into account the Shares to be issued pursuant to the exercise of the Share Options) are summarised as follows:

	<b>At present</b>		<b>Before the issue of Conversion Shares but after completion of the Placing and Subscription Top-up</b>		<b>After the issue of Conversion Shares<sup>2</sup></b>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Vendor and Concert Parties	175,468,843	35.1%	175,311,275	31.7%	175,311,275	29.3%
Placees	—	—	54,773,674	9.9%	54,773,674	9.1%
Bondholder(s)	—	—	—	—	45,224,006	7.5%
Other Shareholders	323,731,719	64.9%	323,731,719	58.5%	323,731,719	54.0%
<b>Total</b>	<b><u>499,200,562</u></b>	<b><u>100.0%</u></b>	<b><u>553,816,668</u></b>	<b><u>100.0%</u></b>	<b><u>599,040,674</u></b>	<b><u>100.0%</u></b>

*Notes:*

1. On the basis that the Convertible Bonds with an aggregate principal amount of HK\$321 million have all been converted and a conversion price of HK\$7.098.

2. On the basis that the Convertible Bonds with an aggregate principal amount of HK\$321 million have all been converted and a conversion price of HK\$7.098.
3. Since 18 August 2004 on which date the Vendor first became a shareholder of the Company, it acquired 7,534,000 Shares representing approximately 1.5% of the Company's existing issued share capital.

#### **4. REASONS FOR THE ISSUE OF CONVERTIBLE BONDS AND THE PLACING AND THE SUBSCRIPTION TOP-UP AND USE OF PROCEEDS**

The Directors consider that the issue of Convertible Bonds and the Placing and the Subscription Top-up will strengthen the capital base of the Company.

The net proceeds from the issue of the Convertible Bonds are estimated to be approximately HK\$306 million, which the Directors intend to use to retire a portion of the Company's bank debt. As of the latest balance sheet date of 31 December 2004, the Company had debts of approximately HK\$1.7 billion. The Directors consider the issuance of the Convertible Bonds to be the most appropriate method to retire a portion of the Company's short term bank debt of approximately HK\$250 million as at 31 December 2004. In place of the Company's short term bilateral bank lines which are subject to annual review, the issue of the Convertible Bonds lengthens the Company's debt maturity profile and locks in existing financing costs within a rising interest rate environment. Further, the Company pays interest rates of approximately 3-4% above interbank rates compared with a coupon of 1.95% in respect of the Convertible Bonds. Given these reasons, the Directors believe that despite the dilutive effect to Shareholders, the issue of the Convertible Bonds would be fair and reasonable so far as the Shareholders are concerned.

The net proceeds from the Placing and the Subscription Top-up are estimated to be approximately HK\$303 million, which the Directors intend to use for general working capital and to further expand the Group's retail operations in China. The Directors consider that a placement to be the most appropriate method for fund raising as it provides financing for the Company, diversify the Company's investor base and increase the liquidity of the Shares.

No part of the proceeds from the issue of Convertible Bonds and the Subscription Top-up will be used for the ECCA transaction, the shareholders' circular of which was despatched on 12 February 2005.

The Company has not had any fund raising activities on the Hong Kong Stock Exchange in the past 12 months.

#### **5. SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange has been suspended since 9:30 a.m. (Hong Kong time) on 21 February 2005 pending the release of this announcement, and application has been made by the Company for the resumption of trading in the Shares on the Hong Kong Stock Exchange with effect from 9:30 a.m. (Hong Kong time), on 22 February 2005.

**Owing to the price sensitive nature of the transactions contemplated in this announcement, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares of the Company.**

## DEFINITIONS

“Bondholder(s)”	holder(s) of the Convertible Bonds
“Company”	Moulin Global Eyecare Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Hong Kong Stock Exchange
“Concert Parties”	certain parties which are or may be considered to be acting in concert with the Vendor
“Conversion Shares”	the Shares to be issued upon conversion of the Convertible Bonds
“Convertible Bonds”	HK dollar denominated convertible bonds to be issued by the Company pursuant to the Subscription Agreement
“Directors”	the directors of the Company
“ECCA”	Eye Care Centres of America Inc.
“Group”	the Company and its subsidiaries
“HK\$” or “HK dollars”	the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“International Investment Securities”	any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other investment securities which are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Manager”	J.P. Morgan Securities Ltd.
“New Shares”	54,616,106 new Shares to be subscribed by the Vendor or its nominees under the Subscription Top-up
“Placing”	the placing of the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing Agent”	J.P. Morgan Securities (Asia Pacific) Limited
“Placing and Subscription Agreement”	the placing, underwriting and subscription agreement dated 19 February 2005 between the Vendor, the Company and the Placing Agent

“Placing Closing Date”	24 February 2005 or such other date as the Vendor and the Placing Agent may agree in writing
“Placing Price”	HK\$5.724 per Placing Share
“Placing Shares”	54,773,674 existing Shares
“PRC”	The People’s Republic of China
“Security”	any mortgage, charge, pledge, lien or other form of encumbrance or security interest
“Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of the Company
“Share Options”	options to subscribe for Shares granted under the share option scheme of the Company adopted on 6 September 2002
“Shareholder(s)”	holder(s) of Share(s) as recorded on the Registers of Members of the Company
“Subscription Agreement”	the subscription agreement dated 19 February 2005 between the Manager and the Company in connection with the issue of the Convertible Bonds
“Subscription Closing Date”	10:00 a.m. (Hong Kong time) on 19 April 2005 or such other time or date on or before 26 April 2005 as may be agreed by the Company and the Manager
“Subscription Top-up”	the conditional subscription by the Vendor of the New Shares pursuant to the Placing and Subscription Agreement
“Subscription Top-up Price”	is equivalent to the Placing Price per Share
“subsidiary”	has the meaning ascribed to it in section 2(4) of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong)
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“Terms and Conditions”	the terms and conditions of the Convertible Bonds to appear on the reverse of each of the definitive certificates evidencing the Convertible Bonds
“US”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“US Securities Act”	the U.S. Securities Act of 1933, as amended

“Vendor” Sharp Merit International Limited, wholly owned by Dynamic Utility Limited, as trustee for the Ma Family Unit Trust

“%” per cent.

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

Hong Kong, 21 February 2005

*As at the date of this announcement, the executive Directors are Mr. Ma Bo Kee, Mr. Ma Bo Fung, Mr. Ma Bo Lung, Mr. Ma Lit Kin Cary, Mr. Ma Hon Kin, Dennis, Mr. Tong Ka Wai, Dicky and Mr. Joseph A. Barrett and the independent non-executive Directors are Mr. Ng Tai Chiu, David, Mr. Chan Wing Wah, Ivan and Mr. So Kwan Hon, Danny.*

*The Directors 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 herein misleading.*

*\* For identification purposes only*

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