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**MUNSUN 麥盛**

**MUNSUN CAPITAL GROUP LIMITED**

**麥盛資本集團有限公司**

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 1194)**

**PLACING OF NEW SHARES  
UNDER THE GENERAL MANDATE**

**Placing Agent**

 **KINGSTON SECURITIES**

**Financial adviser to the Company**

  
**Optima Capital Limited**

On 17 January 2018 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 2,779,000,000 Placing Shares at the Placing Price of HK\$0.057 per Placing Share to currently expected to be not less than six Placees who are independent professional, institutional, or other investors not connected with the Company or its connected persons. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the Completion Date, the maximum number of 2,779,000,000 Placing Shares under the Placing represents approximately 20.00% of the issued share capital of the Company as at the date of this announcement, and approximately 16.66% of the issued share capital as enlarged by the Placing.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$158 million and approximately HK\$155 million, respectively.

The Company intends that the net proceeds of the Placing will be used for the settlement of the Group's debts of HK\$120 million and the general working capital of production costs, finance costs and administrative expenses of approximately HK\$20 million, HK\$10 million and HK\$5 million, respectively. In the event that the Placing Shares are not fully placed, up to HK\$120 million of the actual proceeds raised will be used for the settlement of the Group's debts, while the remaining balance of the proceeds will be used for general working capital with allocation adjusted in accordance with the abovementioned proportion.

**As completion of the Placing may or may not take place, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **THE PLACING AGREEMENT**

### **Date**

17 January 2018 (after trading hours)

### **Parties**

Issuer : The Company

Placing Agent : Kingston Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

### **Placing**

The Placing Agent has conditionally agreed to place, or procure the placing of, up to 2,779,000,000 Placing Shares at the Placing Price of HK\$0.057 per Placing Share on a best effort basis and will receive a placing commission of 1.75% of the Placing Price multiplied by the actual number of Placing Shares placed by the Placing Agent (i.e. the gross proceeds from the Placing).

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions. The Directors are of the view that the placing commission is fair and reasonable.

## **Places**

The Placing Agent will place the Placing Shares to independent professional, institutional, or other investors not connected with the Company and its connected persons. It is currently expected that the Placing Shares will be placed to not less than six Places.

## **Number of Placing Shares**

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the Completion Date, the maximum number of 2,779,000,000 Placing Shares under the Placing represents approximately 20.00% of the issued share capital of the Company as at the date of this announcement, and approximately 16.66% of the issued share capital as enlarged by the Placing. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$13,895,000.

## **Placing Price**

The Placing Price of HK\$0.057 per Placing Share represents:

- (a) a discount of approximately 5.00% to the closing price of HK\$0.060 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 2.15% to the average closing price of approximately HK\$0.0558 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day; and
- (c) a discount of approximately 3.88% to the average of the Volume Weighted Average Price of approximately HK\$0.0593 per Share for the last twenty consecutive trading days immediately preceding the Last Trading Day.

Taking into account the expenses incidental to the Placing in the amount of approximately HK\$3 million, the net placing price is approximately HK\$0.056 per Placing Share.

The Placing Price was determined on an arm's length basis between the Company and the Placing Agent and with reference to the average of the Volume Weighted Average Price of the Share for the last twenty consecutive trading days immediately preceding the Last Trading Day. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions.

## **Placing Shares**

The Placing Shares will be allotted and issued under the General Mandate granted to the Board at the AGM held on 22 June 2017 pursuant to which the Board was authorised to allot, issue and deal with up to 2,779,583,756 Shares. As at the date of this announcement, the Company had not utilised the General Mandate and the maximum of 2,779,000,000 Placing Shares under the Placing represents approximately 99.98% of the General Mandate.

The allotment and issue of the Placing Shares is not subject to any additional Shareholders' approval.

## **Ranking of Placing Shares**

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **Application for listing**

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

## **Conditions precedent**

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in the Placing Shares; and
- (ii) the obligations of the Placing Agent becoming unconditional and the Placing Agreement not being terminated.

If the above conditions are not satisfied and/or waived (other than condition (i) which cannot be waived) at or before 5:00 p.m. on 7 February 2018, being the fifteenth Business Day from the date of the Placing Agreement, or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the other (save for any antecedent breaches).

## **Completion**

Completion of the Placing will take place within four Business Days after the fulfilment of the conditions as set out above or such other date to be agreed between the Company and the Placing Agent in writing.

## **Termination of the Placing Agreement**

Pursuant to the Placing Agreement, the Placing Agent is entitled to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in its absolute opinion, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (i) the introduction of any new laws or regulations or any changes in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing;  
or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

Pursuant to the Placing Agreement, if, at or prior to 9:00 a.m. on the Completion Date,

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement;  
or

- (ii) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcement(s) relating to the Placing Agreement relating to the Placing, if applicable; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, in material respects, if repeated and the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving notice pursuant to the paragraph above, all obligations of the Company or the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other party of the Placing Agreement in respect of any matter arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

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

The Company is an investment holding company principally engaged in the gold mining operation. The Group is principally engaged in mining and processing of gold ores and sale of gold products in the PRC, and provision of financial services business in Hong Kong and the PRC, including asset management, securities brokerage, financing and advisory services.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$158 million and approximately HK\$155 million, respectively.

The Company intends that the net proceeds of the Placing will be used for the settlement of the Group's debts of HK\$120 million and the general working capital of production costs, finance costs and administrative expenses of approximately HK\$20 million, HK\$10 million and HK\$5 million, respectively. In the event that the Placing Shares are not fully placed, up to HK\$120 million of the actual proceeds raised will be used for the settlement of the Group's debts, while the remaining balance of the proceeds will be used for general working capital with allocation adjusted in accordance with the abovementioned proportion. The Board is of the view

that it is in the interest of the Company to raise long-term equity capital through the Placing to reduce the Group's debt level thereby improving the financial position of the Group. Accordingly, the Directors are of the view that the terms of the Placing Agreement are fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Considering that the Group had outstanding bank and other borrowings amounting to approximately HK\$4,562 million as at 30 June 2017, the Company may consider to conduct further fund raising exercises to raise additional funds to reduce the Group's debt level as well as its gearing ratio.

## **FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

The Company did not conduct any fund raising activities in the past 12 months immediately preceding the date of this announcement.

## **SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE PLACING**

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing (assuming the maximum number of Placing Shares are placed and there is no change in the share capital of the Company from the date of this announcement up to the Completion Date) are set out as follows:

	<b>As at the date of this announcement</b>		<b>Immediately after completion of the Placing</b>	
	<b>Number of Shares held</b>	<b>Approximate % of total Shares in issue</b>	<b>Number of Shares held</b>	<b>Approximate % of total Shares in issue</b>
Citic Guoan Group Limited ( <i>Note 1</i> )	1,304,347,826	9.38	1,304,347,826	7.82
Liu Liyang ( <i>Note 2</i> )	979,882,869	7.05	979,882,869	5.88
The Bank of New York Mellon Corporation ( <i>Note 3</i> )	716,000,364	5.15	716,000,364	4.29
Zhang Lirui ( <i>Note 4</i> )	266,313,590	1.92	266,313,590	1.60
The Places	—	—	2,779,000,000	16.66
Other public shareholders	<u>10,631,374,132</u>	<u>76.50</u>	<u>10,631,374,132</u>	<u>63.75</u>
	<u><u>13,897,918,781</u></u>	<u><u>100.00</u></u>	<u><u>16,676,918,781</u></u>	<u><u>100.00</u></u>

*Notes:*

1. Road Shine Developments Limited is wholly-owned by Guoan (HK) Holdings Limited which is wholly-owned by Citic Guoan Group Limited. Road Shine Developments Limited is directly holding 1,304,347,826 Shares and Citic Guoan Group Limited is deemed to hold 1,304,347,826 Shares through its controlled interests in Road Shine Developments Limited.
2. Mr. Liu Liyang (“Mr. Liu”) is an executive Director and respectively holds 1,700,000 Shares by virtue of his personal interest and 978,182,869 Shares through Tai Ning Investment Holdings Limited (which is wholly and beneficially owned by Mr. Liu), representing approximately 0.01% and 7.04% of the total Shares in issue.
3. The Bank of New York Mellon had long positions in 716,000,364 Shares and 716,000,364 Shares in lending pool. Since The Bank of New York Mellon is wholly owned by The Bank of New York Mellon Corporation, The Bank of New York Mellon Corporation is also taken to be interested in the shares held by The Bank of New York Mellon.
4. Mr. Zhang Lirui is an executive Director.

**As completion of the Placing may or may not take place, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 22 June 2017
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday) on which banks are open for business in Hong Kong
“Company”	Munsun Capital Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, and the ordinary shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code : 1194)
“Completion Date”	the date on which completion of the Placing takes place
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules



“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	17 January 2018, being the last trading day for the Shares prior to the issue of this announcement and the date of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional or other investor(s) procured by the Placing Agent or its agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 2,779,000,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 17 January 2018 in relation to the Placing
“Placing Price”	HK\$0.057 per Placing Share
“Placing Shares”	up to 2,779,000,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	The People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, Macao Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Volume Weighted Average Price”	the order book volume-weighted average price of the Shares of a trading day as quoted on Bloomberg
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Munsun Capital Group Limited**  
**LIU Liyang**  
*Chairman*

Hong Kong, 17 January 2018

*As at the date of this announcement, the executive Directors are Mr. Liu Liyang, Mr. Zhang Lirui, Mr. Wang Baozhi, Mr. Yu Yong, Mr. Chen Sheng and Ms. Zang Dongling; and the independent non-executive Directors are Mr. Wu Tai Cheung, Professor Xiao Rong Ge and Professor Zhang Tianyu.*