

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

**PROPOSED SHARE CONSOLIDATION
AND
CHANGE IN BOARD LOT SIZE**

PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward to the Shareholders a proposal of the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of a par value of HK\$0.005 each in the share capital of the Company be consolidated into one (1) Consolidated Share of a par value of HK\$0.1 each in the share capital of the Company. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the SGM.

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 2,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

GENERAL

A circular containing, among other things, further details of the Share Consolidation, the Change in Board Lot Size, together with a notice of SGM, is expected to be despatched to the Shareholders on or before 24 April 2018.

PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward to the Shareholders a proposal of the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of a par value of HK\$0.005 each in the share capital of the Company be consolidated into one (1) Consolidated Share of a par value of HK\$0.1 each in the share capital of the Company.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the SGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$150,000,000 divided into 30,000,000,000 Existing Shares of a par value of HK\$0.005 each, of which 16,676,918,781 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and assuming that no Existing Shares are issued or repurchased from the date of this announcement until the effective date of the Share Consolidation, the authorised share capital of the Company shall become HK\$150,000,000 divided into 1,500,000,000 Consolidated Shares of a par value of HK\$0.1 each, of which 833,845,939.05 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other in accordance with the memorandum of association and bye-laws of the Company.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled (details of which are set out in the paragraph headed “Fractional entitlement to Consolidated Shares” below).

Listing application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares and the Consolidated Shares which may fall to be allotted and issued upon exercise of the Share Options outstanding and to be granted under the Share Option Scheme and upon conversion of the Convertible Bonds.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

None of the Existing Shares are listed or dealt in on any stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal in is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will not be given to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the shares of the Company regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant and/or other professional adviser and may wish to consider the possibility of buying or selling a sufficient number of Existing Shares to make up an entitlement to receive a whole number of Consolidated Shares.

Exchange of share certificate

Subject to the Share Consolidation becoming effective, the Shareholders may between 9:00 a.m. and 4:30 p.m. on any Business Day from Monday, 14 May 2018

to Thursday, 21 June 2018 (both days inclusive) submit existing share certificates to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expenses of the Company, for new share certificates. Thereafter, existing share certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each existing share certificate submitted for cancellation or each new share certificate issued, whichever the number of share certificates cancelled/issued is higher.

After 4:00 p.m. on Tuesday, 19 June 2018 existing share certificates will only remain effective as documents of title and may be exchanged for new share certificates at any time but will not be accepted for delivery, trading and settlement

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Main Board of the Stock Exchange in the board lot size of 2,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.036 per Existing Share (equivalent to the theoretical closing price of HK\$0.72 per Consolidated Share) as at the date of this announcement, (i) the value of each board lot of 2,000 Existing Shares is HK\$72; (ii) the value of each board lot of 2,000 Consolidated Shares would be HK\$1,440 assuming the Share Consolidation becoming effective; and (iii) the value of each board lot of 10,000 Consolidated Shares would be HK\$7,200 assuming that the Change in Board Lot Size had also been effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares and the Change in Board Lot Size arising from the Share Consolidation, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular of the Company to be despatched to the Shareholders in relation to the Share Consolidation.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. In view of the prevailing trading price of the Existing Shares, the Board proposes to implement the Share Consolidation. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. Furthermore, as the theoretical market value of each new board lot of the Consolidated Shares upon the Share Consolidation becoming effective will be higher than the market value of each existing board lot of the Existing Shares, the transaction cost as a proportion of the market value of each board lot will be lower. The Board considers that the Share Consolidation and the Change in Board Lot Size would enable the Company to comply with the trading requirements under the Listing Rules and is beneficial to and in the interest of the Company and the Shareholders as a whole.

ADJUSTMENTS IN RELATION TO THE OTHER SECURITIES OF THE COMPANY

Share Options

As at the date of this announcement, the Company has outstanding Share Options entitling the holders thereof to subscribe for a total of 795,769,378 Existing Shares. Under the terms and conditions of the Share Option Scheme, the Share Consolidation may lead to adjustments to the number of shares of the Company available for issue under the unutilised scheme limit of the Share Option Scheme, and/or the exercise price and/or the number of shares of the Company falling to be issued upon the exercise of the Share Options outstanding. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Convertible Bonds

As at the date of this announcement, there are outstanding Convertible Bonds with a principal amount of approximately HK\$312 million which are convertible into 5,047,185,444 Existing Shares at the prevailing conversion price of HK\$0.0618 per Existing Share. The Share Consolidation may lead to adjustment to the conversion

price and the number of shares of the Company falling to be issued upon the exercise of the conversion right attaching to the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Save as disclosed above, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as at the date of this announcement.

EXPECTED TIMETABLE

The expected timetable of the implementation of the Share Consolidation and the Change in Board Lot Size is set out below:

2018

Despatch of circular, notice and proxy form for the SGM.....	Tuesday, 24 April
Latest time for lodging form of proxy in respect of the SGM	11:00 a.m. on Wednesday, 9 May
SGM	11:00 a.m. on Friday, 11 May
Announcement of the poll results of the SGM	Friday, 11 May
Effective date of the Share Consolidation.....	Monday, 14 May
Dealing in the Consolidated Shares commences	9:00 a.m. on Monday, 14 May
Original counter for trading in the Existing Shares in board lot of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Monday, 14 May
Temporary counter for trading in the Consolidated Shares in board lot of 100 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 14 May
First day of free exchange of existing share certificates for the Existing Shares for new share certificates for the Consolidated Shares	Monday, 14 May

Original counter for trading in the Consolidated Shares in board lot of 10,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens 9:00 a.m. on Tuesday, 29 May

Parallel trading in the Consolidated Shares in the form of new share certificates and existing share certificates commences 9:00 a.m. on Tuesday, 29 May

Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares..... 9:00 a.m. on Tuesday, 29 May

Parallel trading in the Consolidated Shares in the form of new share certificates and existing share certificates ends 4:00 p.m. on Tuesday, 19 June

Temporary counter for trading in the Consolidated Shares in board lot of 100 Consolidated Shares (in the form of existing share certificates) closes 4:00 p.m. on Tuesday, 19 June

Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares..... 4:00 p.m. on Tuesday, 19 June

Last day of free exchange of existing share certificates for the Existing Shares for new share certificates of the Consolidated Shares Thursday, 21 June

All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable set out above is indicative only and may be subject to change. Further announcement(s) will be made by the Company when appropriate.

GENEARL

The Share Consolidation will be subject to, among other things, Shareholders' approval at the SGM. The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation.

A circular containing, among other things, further details of the Share Consolidation, the Change in Board Lot Size, together with a notice of the SGM, will be despatched to the Shareholders on or before 24 April 2018.

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant and/or other professional adviser if they are in doubt about any of the above matters.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day(s) (other than a Saturday, Sunday or a public holiday or a day on which typhoon signal number 8 or above or black rainstorm is hoisted in Hong Kong at 9:00 a.m.) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by the HKSCC
“Change in Board Lot Size”	the change in board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 10,000 Consolidated Shares
“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)
“Consolidated Share(s)”	ordinary share(s) with par value of HK\$0.1 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Convertible Bonds”	the convertible bonds issued by the Company and listed on the Singapore Exchange Securities Trading Limited with the outstanding principal amount of HK\$311,916,064 which are convertible into 5,047,185,444 Existing Shares upon exercise of the relevant conversion rights by the holders of the convertible bonds

“Director(s)”	director(s) of the Company
“Existing Share(s)”	ordinary share(s) with par value of HK\$0.005 each in the share capital of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting of the Company to be convened and held to consider, and if thought fit, approve the Share Consolidation
“Share Consolidation”	the proposed consolidation of every 20 Existing Shares into 1 Consolidated Shares
“Shareholder(s)”	holder(s) of the Existing Share(s) or the Consolidated Shares, as the case may be
“Share Option(s)”	option(s) to subscribe for new shares of the Company granted under the Share Option Scheme
“Share Option Scheme”	share option scheme adopted by the Company on 30 May 2014
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 10 April 2018

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