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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)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
SIX (6) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE
HELD ON THE RECORD DATE
AT HK\$0.22 PER RIGHTS SHARE**

Joint Financial advisers to the Company


Optima Capital Limited


KINGSTON CORPORATE FINANCE

Underwriters of the Rights Issue


KINGSTON SECURITIES
Tai Ning Investment Holdings Limited
Li Xianghong
Xia Bing
Cheung Wai Bui
Peng Zhihong
Ruan Jinghui
Chung Mui Hing Salina
Liu Shiwei

Koo Yuen Kim
Zhang Lirui
Keenet International Investment Limited
Yan Zhen
Jiang Yun
Zhao Jianhong
Gong Weihong
Hongkong Fortune Investment Limited
Grace Silver Limited

PROPOSED RIGHTS ISSUE

The Company proposes to raise capital by way of the Rights Issue. The Company will allot and issue not less than 5,003,075,640 Rights Shares and not more than 5,045,075,640 Rights Shares at the Subscription Price of HK\$0.22 per Rights Share on the basis of six (6) Rights Shares for every one (1) existing Share held on the Record Date. The aggregate Subscription Price for the Rights Shares will be not less than approximately HK\$1,101 million and not more than approximately HK\$1,110 million.

As at the date of this announcement, there are outstanding Share Options which entitle the Optionholders to subscribe for a total of 22,099,998 Shares. Mr. Liu (an executive Director and the chairman of the Board) and Underwriter C (an executive Director) hold Share Options which entitle them to subscribe for 6,899,999 new Shares and 6,900,000 new Shares respectively, while certain senior management staff, employees and consultants of the Company hold Share Options which entitle them to subscribe for 8,299,999 new Shares in aggregate. The Undertaken Optionholders (being Mr. Liu, Underwriter C and certain senior management staff and employees of the Company) have executed the Optionholders' Undertakings in respect of Share Options entitling them to subscribe for a total of 15,099,998 new Shares in favour of the Company and the Underwriters, pursuant to which each of them has irrevocably undertaken not to exercise any of the Share Options which have been granted to him/her on or before the Record Date.

Pursuant to the Underwriting Agreement, the Underwriters have undertaken to the Company, subject to the Rights Issue not being terminated, to fully underwrite the Underwritten Shares. Underwriters A to Q will set off the aggregate Subscription Price payable by the relevant Underwriters to the Company for subscription of the Undertaken Shares pursuant to the Underwriting Agreement against part of the Underwriters' Loans owed by the Company to the respective Underwriter as at the Latest Time for Acceptance.

The estimated net cash proceeds from the Rights Issue (taking into account the effect of the Set-Off and deducting the related expenses for the Rights Issue) will be not less than approximately HK\$326 million and not more than approximately HK\$1,096 million. The net price per Rights Share after deducting the related expenses of the Rights Issue will be approximately HK\$0.217. The Company intends to apply the net cash proceeds from the Rights Issue as to (i) approximately 85% (equivalent to not less than approximately HK\$277 million and not more than approximately HK\$932 million) for repayment of bank and other borrowings due within the next 12 months, of which one half will be used for repayment of bank borrowings and the other half will be used for repayment of the Underwriters' Loans. In the event that the portion of net proceeds from the Rights Issue allocated to repayment of the Underwriters' Loans together with the amount of Underwriters' Loans subject to the Set-Off exceed the aggregate Subscription Price in respect of the Underwriting Commitment, the excessive portion will also be allocated to repayment of bank borrowings; and (ii) approximately 15% (equivalent to not less than approximately HK\$49 million and not more than approximately HK\$164 million) for general working capital for settlement of finance costs and production costs of the Group.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange.

LISTING RULES IMPLICATIONS

Given that the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional on, among other things, the approval by the Independent Shareholders at the SGM, where any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution approving the Rights Issue. Given that the Company does not have any controlling Shareholder as at the date of this announcement, the executive Directors, the chief executives of the Company and their respective associates shall abstain from voting in favour of the resolution approving the Rights Issue. In addition, the Underwriters and their respective associates shall abstain from voting on the resolution approving the Rights Issue by virtue of their material interest in the Rights Issue.

As at the date of this announcement, (i) Underwriter B, being an associate of a Director; (ii) Underwriter C, being a Director; and (iii) Underwriter D, being a former Director in the last 12 months prior to the date of this announcement, are connected persons of the Company. As such, the Rights Issue with Underwriter B, Underwriter C and Underwriter D as underwriters constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.92(2) of the Listing Rules, as the Company has made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Issue in compliance with Rule 7.21(1) of the Listing Rules, the issue of the Rights Shares to Underwriter B, Underwriter C and Underwriter D under the Rights Issue is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, save as disclosed above, none of the Underwriters and their respective close associates have any shareholding interest in the Company. In the event that the Underwriters and any of the sub-underwriters have shareholding interest in the Company, it/they is/are required to abstain from voting on the resolution(s) approving the Rights Issue at the SGM.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to make recommendations to the Independent Shareholders in respect of the Rights Issue. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The SGM will be convened and held to consider and, if appropriate, approve the Rights Issue and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Rights Issue and the Underwriting Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; and (iv) a notice convening the SGM will be despatched to the Shareholders on or before Thursday, 12 July 2018.

Upon the approval of the Rights Issue and the Underwriting Agreement by the Independent Shareholders at the SGM, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Non-qualifying Shareholders for information purposes only.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional upon, among other things, the obligations of the Underwriters under the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Monday, 6 August 2018 and that dealings in the Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in the Shares from the date of this announcement up to the date on which all conditions of the Rights Issue are fulfilled (which is expected to be on 4:00 p.m. on Monday, 3 September 2018), and any dealings in the Rights Shares in their nil-paid form from Thursday, 16 August 2018 to Thursday, 23 August 2018 (both days inclusive), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating dealing in the securities of the Company are recommended to consult their own professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to raise capital by way of the Rights Issue. The Company will allot and issue not less than 5,003,075,640 Rights Shares and not more than 5,045,075,640 Rights Shares at the Subscription Price of HK\$0.22 per Rights Share on the basis of six (6) Rights Shares for every one (1) existing Share held on the Record Date. The aggregate Subscription Price for the Rights Shares will be not less than approximately HK\$1,101 million and not more than approximately HK\$1,110 million. The estimated net cash proceeds from the Rights Issue (taking into account the effect of the Set-Off and deducting the related expenses for the Rights Issue) will be not less than approximately HK\$326 million and not more than approximately HK\$1,096 million.

The Rights Issue will be fully underwritten by the Underwriters on the terms and subject to the conditions set out in the Underwriting Agreement. For further details, please refer to the section headed “Underwriting Arrangement and Optionholders’ Undertakings” below.

Rights Issue statistics

Basis of the Rights Issue	:	Six (6) Rights Shares for every one (1) existing Share held on the Record Date
Subscription Price	:	HK\$0.22 per Rights Share
Number of Shares in issue as at the date of this announcement	:	833,845,940 Shares
Number of Rights Shares	:	Not less than 5,003,075,640 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date) and not more than 5,045,075,640 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date other than the issue of new Shares upon exercise in full of the subscription rights attached to all outstanding Share Options (other than those subject to the Optionholders’ Undertakings) on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Not less than HK\$500,307,564 and not more than HK\$504,507,564

Enlarged issued share capital of the Company upon Completion : Not less than 5,836,921,580 Shares and not more than 5,885,921,580 Shares

Number of Underwritten Shares : The Rights Issue will be fully underwritten by the Underwriters.

The total number of Underwritten Shares shall be not less than 5,003,075,640 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date) and not more than 5,045,075,640 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date other than the issue of new Shares upon exercise in full of the subscription rights attached to all outstanding Share Options (other than those subject to the Optionholders' Undertakings) on or before the Record Date)

Underwriters : (i) Underwriter A;
(ii) Underwriter B;
(iii) Underwriter C;
(iv) Underwriter D;
(v) Underwriter E;
(vi) Underwriter F;
(vii) Underwriter G;
(viii) Underwriter H;
(ix) Underwriter I;
(x) Underwriter J;
(xi) Underwriter K;
(xii) Underwriter L;

- (xiii) Underwriter M;
- (xiv) Underwriter N;
- (xv) Underwriter O;
- (xvi) Underwriter P;
- (xvii) Underwriter Q; and
- (xviii) Underwriter R.

Please refer to the section headed “Information of the Underwriters” below for information of the Underwriters.

As at the date of this announcement:

- (i) the Company has outstanding Share Options which entitle the Optionholders to subscribe for a total of 22,099,998 Shares during the period from 12 October 2016 to 11 October 2019 at the exercise price of HK\$4.972 per Share (subject to adjustments); and
- (ii) the Company has outstanding Convertible Bonds with an aggregate principal amount of HK\$311,916,064 which are convertible into 252,359,274 Shares upon full conversion at any time on or after 5 November 2018 at the prevailing conversion price of HK\$1.236 per Share (subject to adjustments).

Save as disclosed above, the Company has no other derivatives, outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into the Shares.

Assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date, a total of 5,003,075,640 Rights Shares will be provisionally allotted under the Rights Issue, representing 600% of the issued share capital of the Company as at the date of this announcement; and approximately 85.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Despite the potential dilution effects of the Rights Issue on the shareholding interests of the Shareholders, the Directors consider that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole after taking into account that:

- (i) the Independent Shareholders are given the opportunity to express their view on the terms of the Rights Issue through their votes at the SGM;
- (ii) the Rights Issue provides the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a discount to the historical and prevailing market prices of the Shares as discussed in more detail below;
- (iii) whilst the dilution nature of Rights Issue is common in the market, if the Qualifying Shareholders did not take up their entitlements under the Rights Issue in full, the Qualifying Shareholders who choose to accept the Rights Issue in full are able to maintain their respective existing shareholding interests in the Company after the Rights Issue; and
- (iv) the Qualifying Shareholders who do not take up their entitlements in the Rights Issue are able to sell the nil-paid Rights Shares in the market, while the Qualifying Shareholders who wish to increase their shareholding interests in the Company through the Rights Issue are able to make excess applications for additional Rights Shares and/or acquire additional nil-paid Rights Shares in the market.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information purposes only, to the Non-qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge the documents for transfers of the Shares (together with the relevant share certificates) with the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by no later than 4:00 p.m. on Tuesday, 7 August 2018.

Rights of the Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the date of this announcement, the Company has certain Overseas Shareholders whose addresses on the register of members of the Company are in the PRC.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on the legal advice, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue to be despatched to the Qualifying Shareholders on the Prospectus Posting Date. The Company will send copies of the Prospectus to the Non-qualifying Shareholders for their information only, but will not send any PAL or EAF to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The net proceeds of such sale, less expenses, will be paid pro rata to the Non-qualifying Shareholders in Hong Kong dollars as soon as practicable except that the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Non-qualifying Shareholders will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement. For the avoidance of doubt, the Non-qualifying Shareholders (if any) will be entitled to vote at the SGM.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of the enquiries to be made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Closure of register of members

The Company's register of members will be closed from Wednesday, 8 August 2018 to Monday, 13 August 2018, both days inclusive, for the purpose of, among other things, determining entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Basis of provisional allotments

The basis of the provisional allotments shall be six (6) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for by the latest time of acceptance of the Rights Issue, i.e. by 4:00 p.m. on Tuesday, 28 August 2018.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, will rank pari passu with the Shares then in issue in all respects. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid with a record date falling on or after the date of allotment and issue of the fully-paid Rights Shares.

Share certificates for the Rights Shares and refund cheques

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Wednesday, 5 September 2018 to those entitled thereto by ordinary post at their own risks. If the Rights Issue is terminated, refund cheques are expected to be posted on or before Wednesday, 5 September 2018 by ordinary post to the applicants at their own risk. Refund cheques in respect of wholly or partially unsuccessful applicants for excess Rights Share (if any) are also expected to be posted on or before Wednesday, 5 September 2018 by ordinary post to the applicants at their own risk.

The Subscription Price

The Subscription Price of HK\$0.22 per Rights Share will be payable in full by a Qualifying Shareholder upon acceptance of the provisional allotments of the Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 26.67% to the closing price of HK\$0.3 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 28.10% to the average of the closing Share prices as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of HK\$0.306 per Share;

- (iii) a discount of approximately 33.73% to the average of the closing Share prices as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of HK\$0.332 per Share;
- (iv) a discount of approximately 4.76% to the theoretical ex-rights price based on the closing Share price of HK\$0.3 per Share as quoted on the Stock Exchange on the Last Trading Day of approximately HK\$0.231 per Share; and
- (v) a discount of approximately 97.51% to the consolidated net asset value per Share of approximately HK\$8.83 (based on the audited consolidated net asset value of the Group as at 31 December 2017 of approximately HK\$7,209.88 million, adjusted by the net proceeds of approximately HK\$155 million from the placing of new shares of the Company completed on 1 February 2018 and the effect of the share consolidation which took effect on 28 May 2018).

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriters with reference to the market price of the Shares under the prevailing market conditions. Given that the Rights Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their pro-rata shareholding in the Company and participate in the future growth of the Group should they wish to do so. The Board is of the view that the Rights Issue will allow the Group to strengthen its financial position. The Directors (excluding independent non-executive Directors whose opinion will be expressed after considering the advice from the Independent Financial Adviser) consider the terms of the Rights Issue, including the Subscription Price, are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for (i) the Rights Shares representing the entitlement of the Non-qualifying Shareholders and which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders. Application may be made by completing the EAF for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares to the Qualifying Shareholders who have made excess applications on a pro rata basis without involving allocation of any fractional Rights Share. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) preference will be given to applications for less than a board lot of Rights Shares where it appears to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with an intention to abuse the mechanism; and

(ii) subject to availability of excess Rights Shares after allocation under principle (i) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of excess Rights Shares available for excess application and the number of excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive less number of Rights Shares; whereas Qualifying Shareholders applying for larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive larger number of Rights Shares) and with board lot allocations to be made on a best effort basis.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for completion of the relevant registration by 4:00 p.m. on Tuesday, 7 August 2018.

Any Rights Shares not taken up by the Qualifying Shareholders and not taken up by excess applications will be taken up by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement.

Qualifying Shareholders who do not take up the provisionally allotted Rights Shares to which they are entitled should note that their percentage shareholding interest in the Company will be diluted.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Both the nil-paid Rights Shares and the fully-paid Rights Shares will be traded in board lots of 10,000 Shares in the market. Dealing in the Rights Shares in both their

nil-paid and fully-paid forms, which are registered in the register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange or such other dates 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 to enable the Rights Shares (in both their nil-paid and fully-paid forms) to be admitted into CCASS.

Conditions of the Rights Issue

The Rights Issue is conditional on each of the following conditions being fulfilled or waived (as the case may be):

- (i) the passing of the necessary resolution(s) by the Independent Shareholders at the SGM approving and confirming the Rights Issue, the Underwriting Agreement and the transactions contemplated respectively thereunder and authorising the Directors to allot and issue the Rights Shares and their nil-paid form, in accordance with the memorandum of association and bye-laws of the Company and the Listing Rules on or before the Record Date;
- (ii) the delivery of the Prospectus to the Stock Exchange and the issue by the Stock Exchange on or before the Prospectus Posting Date of a certificate authorising registration of the Prospectus with Hong Kong Companies Registry;
- (iii) a duly certified copy of the Prospectus (and other required documents) having been lodged with Hong Kong Companies Registry and Hong Kong Companies Registry issuing a confirmation of registration on or before the Prospectus Posting Date;
- (iv) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders, the posting of the Prospectus to the Non-qualifying Shareholders, if any, for information purposes only, and the publication of the Prospectus on the website of the Stock Exchange on or before the Prospectus Posting Date;

- (v) the grant of listing of the Rights Shares by the Stock Exchange (either unconditionally or subject only to the allotment and despatch of the share certificates in respect thereof) and the grant of permission to deal in the Rights Shares (in both their nil-paid and fully-paid forms) by the Stock Exchange (and such permission and listing not having been subsequently withdrawn or revoked prior to the Latest Time for Termination);
- (vi) the Underwriting Agreement not being terminated by the Underwriters pursuant to the terms thereof at or before the Latest Time for Termination;
- (vii) the compliance with and performance by the Company of all the undertakings and obligations under the terms of the Underwriting Agreement;
- (viii) the compliance with and performance of all the undertakings and obligations of the Undertaken Optionholders under the Optionholders' Undertakings;
- (ix) there being no Specified Event occurring prior to the Latest Time for Termination;
- (x) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days at any time prior to the Latest Time for Termination;
- (xi) compliance with the requirements under applicable laws and regulations of Hong Kong and Bermuda; and
- (xii) all the outstanding legal actions which would or may affect the capability of any of the Underwriters to perform his/her/its obligations under the Underwriting Agreement having been fully and irrevocably settled.

Save that the conditions as set out in paragraphs (vii) and (x) above can be waived by Underwriter R (for and on behalf of the Underwriters), the other conditions set out above are incapable of being waived. If all of the above conditions are not fully satisfied or waived (as the case may be) by the Latest Time for Termination (being 4:00 p.m. (Hong Kong time) on Monday, 3 September 2018, or such other date as the Company and the Underwriters may agree in writing) or if the Underwriting Agreement is rescinded or terminated pursuant to the terms thereunder, all obligations and liabilities of the parties under the Underwriting Agreement shall forthwith cease and determine, save and except for clauses in relation to indemnity, notices and governing law and jurisdiction which shall survive termination and remain in full force and effect, and no party will have any claim against the other party (save for any antecedent breaches), and the Rights Issue will not proceed.

UNDERWRITING ARRANGEMENT AND OPTIONHOLDERS' UNDERTAKINGS

On 21 June 2018 (after trading hours), the Underwriters and the Company entered into the Underwriting Agreement in respect of the underwriting arrangement for the Rights Issue. The Rights Issue will be fully underwritten by the Underwriters in accordance with the terms of the Underwriting Agreement as set out below.

Underwriting Agreement

Date : 21 June 2018

Parties : (i) The Company (as the issuer);
(ii) Underwriter A;
(iii) Underwriter B;
(iv) Underwriter C;
(v) Underwriter D;
(vi) Underwriter E;
(vii) Underwriter F;
(viii) Underwriter G;
(ix) Underwriter H;
(x) Underwriter I;
(xi) Underwriter J;
(xii) Underwriter K;
(xiii) Underwriter L;
(xiv) Underwriter M;
(xv) Underwriter N;
(xvi) Underwriter O;
(xvii) Underwriter P;
(xviii) Underwriter Q; and
(xix) Underwriter R (collectively, as the Underwriters).

Please refer to the section headed “Information of the Underwriters” below for information of the Underwriters.

Number of Underwritten Shares : The Rights Issue will be fully underwritten by the Underwriters.

The total number of Underwritten Shares shall be not less than 5,003,075,640 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date) and not more than 5,045,075,640 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date other than the issue of new Shares upon exercise in full of the subscription rights attached to all outstanding Share Options (other than those subject to the Optionholders’ Undertakings) on or before the Record Date).

Underwriting commitment : The Underwriting Commitment of the Underwriters shall be as follows:

Underwriters	Underwriting Commitment
Underwriter A	563,795,718 Rights Shares
Underwriter B	51,826,481 Rights Shares
Underwriter C	243,730,659 Rights Shares
Underwriter D	49,833,186 Rights Shares
Underwriter E	255,235,231 Rights Shares
Underwriter F	142,136,504 Rights Shares
Underwriter G	102,745,686 Rights Shares
Underwriter H	147,600,336 Rights Shares
Underwriter I	41,937,613 Rights Shares
Underwriter J	16,943,281 Rights Shares
Underwriter K	16,943,281 Rights Shares
Underwriter L	15,325,350 Rights Shares
Underwriter M	28,428,072 Rights Shares
Underwriter N	52,324,845 Rights Shares
Underwriter O	241,957,863 Rights Shares

Underwriters	Underwriting Commitment
Underwriter P	Not less than 181,818,181 Rights Shares and not more than 223,818,181 Rights Shares ^{Note 1}
Underwriter Q	1,305,038,799 Rights Shares
Underwriter R	1,545,454,554 Rights Shares

The Untaken Shares shall be allocated in the following order:

- (i) the first up to 563,795,718 Untaken Shares shall be taken up by Underwriter A;
- (ii) if the Untaken Shares shall exceed the Underwriting Commitment of Underwriter A, the next up to 1,165,010,525 Untaken Shares shall be taken up by Underwriters B to N in proportion to their respective Underwriting Commitment amongst themselves ^{Note 2};
- (iii) if the Untaken Shares shall exceed the aggregate Underwriting Commitment of Underwriters A to N, the next up to 241,957,863 Untaken Shares shall be taken up by Underwriter O;
- (iv) if the Untaken Shares shall exceed the aggregate Underwriting Commitment of Underwriters A to O, the next up to 1,486,856,980 Untaken Shares shall be taken up by Underwriters P and Q in proportion to the Initial Underwriting Commitment of Underwriter P and the Underwriting Commitment of Underwriter Q ^{Note 3};

(v) if the Untaken Shares shall exceed the aggregate Underwriting Commitment of Underwriters A to Q less the Additional Underwriting Commitment of Underwriter P, on the condition that there are Optionholders who have exercised the Share Options on or before the Record Date and are entitled to certain Rights Shares (the “**Additional Rights Shares**”) under the Rights Issue, the next Untaken Shares representing the number of Additional Rights Shares shall be taken up by Underwriter P; and

(vi) if the Untaken Shares shall exceed the aggregate Underwriting Commitment of Underwriters A to Q, the remaining Untaken Shares shall be taken up by Underwriter R.

Notes:

1. *The Underwriting Commitment of Underwriter P shall comprise (i) the initial 181,818,181 Rights Shares (the “**Initial Underwriting Commitment**”), and (ii) the Additional Rights Shares to which the Optionholders who have exercised the Share Options on or before the Record Date are entitled under the Rights Issue, being a maximum of 42,000,000 Rights Shares (the “**Additional Underwriting Commitment**”).*
2. *The proportionate Underwriting Commitment amongst Underwriters B to N are as follow:*

<i>Underwriters</i>	<i>Approximate proportionate Underwriting Commitment to the aggregate Underwriting Commitment of Underwriters B to N</i>
<i>Underwriter B</i>	<i>4.45%</i>
<i>Underwriter C</i>	<i>20.92%</i>
<i>Underwriter D</i>	<i>4.28%</i>
<i>Underwriter E</i>	<i>21.91%</i>
<i>Underwriter F</i>	<i>12.20%</i>
<i>Underwriter G</i>	<i>8.82%</i>

**Approximate proportionate
Underwriting Commitment to
the aggregate Underwriting
Commitment of
Underwriters B to N**

<i>Underwriter H</i>	<i>12.67%</i>
<i>Underwriter I</i>	<i>3.60%</i>
<i>Underwriter J</i>	<i>1.45%</i>
<i>Underwriter K</i>	<i>1.45%</i>
<i>Underwriter L</i>	<i>1.32%</i>
<i>Underwriter M</i>	<i>2.44%</i>
<i>Underwriter N</i>	<i><u>4.49%</u></i>
	<i><u>100.00%</u></i>

3. *The proportionate Underwriting Commitment between Underwriter P (in respect of his Initial Underwriting Commitment only) and Underwriter Q:*

**Approximate proportionate
Underwriting Commitment to
the aggregate Underwriting
Commitment of Underwriter P
(in respect of his Initial
Underwriting Commitment
only) and Underwriter Q**

<i>Underwriter P</i>	<i>12.23%</i>
<i>Underwriter Q</i>	<i><u>87.77%</u></i>
	<i><u>100.00%</u></i>

Commission : The commission payable by the Company to Underwriter R under the Underwriting Agreement is 2.5% of the aggregate Subscription Price in respect of the number of Rights Shares agreed to be underwritten by Underwriter R (i.e. 1,545,454,554 Rights Shares). The commission rate was determined after arm's length negotiations between the Company and Underwriter R with reference to, among other things, the scale of the Rights Issue and prevailing market rate.

Save for the above, each of the Underwriters (except Underwriter R) will not be entitled to any underwriting commission for the services under the Underwriting Agreement.

The terms of the Underwriting Agreement are agreed after arm's length negotiations between the Company and the Underwriters after having considered the existing financial position of the Group, the size of the Rights Issue, the current and expected market condition and prevailing market rate of underwriting commission. The Directors (excluding the independent non-executive Directors whose opinion will be expressed after considering the advice from the Independent Financial Adviser) consider that the terms of the Underwriting Agreement (including the Underwriter R's underwriting commission) are fair and reasonable so far as the Company and the Shareholders are concerned.

Underwriter R may enter into sub-underwriting arrangements with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriters has pursuant to its appointment under the Underwriting Agreement.

Set-Off arrangement

Underwriters A to Q will set off the aggregate Subscription Price payable by the relevant Underwriters to the Company for subscription of the Untaken Shares pursuant to the Underwriting Agreement against part or all of the Underwriters' Loans owed by the Company to the respective Underwriter as at the Latest Time for Acceptance. For details of the Underwriters' Loans, please refer to the section headed "Information of the Underwriters" below.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains in force in Hong Kong between 9.00 a.m. and 5.00 p.m. on that day, the date of the Latest Time for

Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 5:00 p.m. on that day):

- (i) in the absolute opinion of Underwriter R (for itself or on behalf of the Underwriters), the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of Underwriter R (for itself or on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) 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 hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may in the absolute opinion of Underwriter R (for itself or on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of Underwriter R (for itself or on behalf of the Underwriters) are likely to materially and adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Underwriter R (for itself or on behalf of the Underwriters) will materially and adversely affect the prospects of the Company, including, without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or

- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which, in the absolute opinion of Underwriter R (for itself or on behalf of the Underwriters), are likely to materially and adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the Prospectus Posting Date and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of Underwriter R (for itself or on behalf of the Underwriters), a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (viii) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

then the Underwriters shall be entitled, by notice in writing issued by Underwriter R (for itself or on behalf of the Underwriters) to the Company served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing by Underwriter R (for itself or on behalf of the Underwriters) to rescind the Underwriting Agreement if prior to the Latest Time for Termination any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters. Any such notice of rescission shall be served by Underwriter R (for itself or on behalf of the Underwriters) prior to the Latest Time for Termination.

If the Underwriting Agreement is terminated by the Underwriters at such time before the Latest Time for Termination but after any Underwriter has in accordance with the Underwriting Agreement paid or procured payment to the Company of the aggregate Subscription Price in respect of the Untaken Shares for which the relevant Underwriter is obliged to subscribe or procure subscription under the relevant provisions of the Underwriting Agreement, the Company shall, not later than the end

of the second Business Day after (but not including) the date of receipt of the notice of termination issued by the Underwriters, remit to the relevant Underwriter such amount of aggregate Subscription Price which it has received from the relevant Underwriter (the “**Remittance Obligation**”).

If prior to the Latest Time For Termination any such notice of termination or rescission is given by the Underwriters pursuant to the Underwriting Agreement, the Underwriting Agreement shall forthwith cease and determine and be null and void (save and except for clauses in relation to indemnity, the Remittance Obligation, notices and governing law and jurisdiction which shall survive termination and remain in full force and effect) and none of the parties to the Underwriting Agreement shall have any right against or liability towards any other parties arising out of or in connection with the Underwriting Agreement. If the Underwriters exercise such right to terminate the Underwriting Agreement, the Rights Issue will not proceed.

Optionholders’ Undertakings

As at the date of this announcement, there are outstanding Share Options which entitle the Optionholders to subscribe for a total of 22,099,998 Shares. Mr. Liu (an executive Director and the chairman of the Board) and Underwriter C (an executive Director) hold Share Options which entitle them to subscribe for 6,899,999 new Shares and 6,900,000 new Shares respectively, while certain senior management staff, employees and consultants of the Company hold Share Options which entitle them to subscribe for 8,299,999 new Shares in aggregate. The Undertaken Optionholders (being Mr. Liu, Underwriter C and certain senior management staff and employees of the Company) have executed the Optionholders’ Undertakings in respect of Share Options entitling them to subscribe for a total of 15,099,998 new Shares in favour of the Company and the Underwriters, pursuant to which each of them has irrevocably undertaken not to exercise any of the Share Options which have been granted to him/her on or before the Record Date.

INFORMATION OF THE UNDERWRITERS

Underwriter A is an individual interested in 47,550,009 Shares (representing approximately 5.70% of the existing number of Shares in issue) as at the date of this announcement, of which 31,463,227 Shares (representing approximately 3.77% of the existing number of Shares in issue) are held by virtue of his personal interest, 16,086,782 Shares (representing approximately 1.93% of the existing number of Shares in issue) are held by Golden Eagle (Asia) Investment Limited (which is wholly owned by Underwriter A). Underwriter A has not been engaged in the business of underwriting.

Underwriter B is a company incorporated in the British Virgin Islands with limited liability and its principal activity is investment holding. It holds 21,397,343 Shares (representing approximately 2.57% of the existing number of Shares in issue) as at the date of this announcement. It is wholly owned by Mr. Liu, who is an executive Director and the chairman of the Board and directly holds 85,000 Shares (representing approximately 0.01% of the existing number of Shares in issue) as at the date of this announcement and thus Underwriter B is a connected person of the Company. The ordinary course of business of Underwriter B does not involve underwriting. Mr. Liu, Underwriter B and their associates are interested in an aggregate of 21,482,343 Shares (representing approximately 2.58% of the existing number of Shares in issue) as at the date of this announcement.

Underwriter C is an executive Director and holds 2,584,169 Shares (representing approximately 0.31% of the existing number of Shares in issue) as at the date of this announcement. Underwriter C has not been engaged in the business of underwriting.

Underwriter D was a former executive Director resigned with effect from 31 August 2017. He holds in 4,460,783 Shares (representing approximately 0.53% of the existing number of Shares in issue) as at the date of this announcement. Since Underwriter D is a Director in the last 12 months prior to the date of the Underwriting Agreement, he is a connected person of the Company under the Listing Rules. Underwriter D has not been engaged in the business of underwriting.

Underwriter E is a company incorporated in Hong Kong with limited liability and its principal activity is investment holding. It holds 10,724,056 Shares (representing approximately 1.29% of the existing number of Shares in issue) as at the date of this announcement. Underwriter A and Underwriter J are interested in approximately 26% and 4.8% of the issued share capital of Underwriter E respectively. The ordinary course of business of Underwriter E does not involve underwriting.

Underwriter F is an individual holding 6,442,046 Shares (representing approximately 0.77% of the existing number of Shares in issue) as at the date of this announcement. Underwriter F has not been engaged in the business of underwriting.

Underwriter G is the spouse of Underwriter F who does not hold any Shares as at the date of this announcement and has not been engaged in the business of underwriting.

Underwriter H is an individual holding 694,727 Shares (representing approximately 0.08% of the existing number of Shares in issue) as at the date of this announcement. Underwriter H has not been engaged in the business of underwriting.

Underwriter I is an individual holding in 649,423 Shares (representing approximately 0.08% of the existing number of Shares in issue) as at the date of this announcement. Underwriter I has not been engaged in the business of underwriting.

Underwriter J is an individual holding 1,155,221 Shares (representing approximately 0.14% of the existing number of Shares in issue) as at the date of this announcement. Underwriter J has not been engaged in the business of underwriting.

Underwriter K is an individual holding in 999,297 Shares (representing approximately 0.12% of the existing number of Shares in issue) as at the date of this announcement. Underwriter K has not been engaged in the business of underwriting.

Underwriter L is an individual holding in 231,514 Shares (representing approximately 0.03% of the existing number of Shares in issue) as at the date of this announcement. Underwriter L has not been engaged in the business of underwriting.

Underwriter M is an individual who does not hold any Shares as at the date of this announcement and has not been engaged in the business of underwriting.

Underwriter N is an individual holding 5,197,991 Shares (representing approximately 0.62% of the existing number of Shares in issue) as at the date of this announcement. Underwriter N has not been engaged in the business of underwriting.

Underwriter O is a company incorporated in Hong Kong with limited liability and its principal activity is investment holding. It does not hold any Shares as at the date of this announcement. It is wholly owned by Ms. Li Hai Lin. The ordinary course of business of Underwriter O does not involve underwriting.

Underwriter P is an individual holding 26,237,000 Shares (representing approximately 3.15% of the existing number of Shares in issue) as at the date of this announcement. Underwriter P has not been engaged in the business of underwriting.

Underwriter Q is a company incorporated in the British Virgin Islands with limited liability and its principal activity is investment holding. It does not hold any Shares as at the date of this announcement. It is wholly owned by Ms. Guan Yuyan, who is the spouse of Underwriter P. The ordinary course of business of Underwriter Q does not involve underwriting.

Underwriter R is a company incorporated in Hong Kong with limited liability and a corporation licensed 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). It does not hold any Shares as at the date of this announcement.

Save as disclosed above, each of the Underwriters confirms that he/she/it is independent of and not acting in concert with any of the Underwriters or other Shareholders and their respective ultimate beneficial owners. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriters, their respective ultimate beneficial owner(s) and/or associates are Independent Third Parties.

As at 15 June 2018, the Company has Underwriters' Loans of HK\$852,116,212 in aggregate due to the Underwriters (except Underwriter R). Taking into account the interest to be accrued and assuming no Underwriters' Loans are repaid by the Company, the aggregate estimated amount of Underwriters' Loans as at 31 July 2018 will increase to HK\$863,051,032. Set out below is the detailed breakdown of the Underwriters' Loans:

Underwriters	Underwriters' Loans as at 15 June 2018	Estimated Underwriters' Loans as at 31 July 2018
	<i>HK\$</i>	<i>HK\$</i>
Underwriter A	122,811,380	124,035,058
Underwriter B	11,283,864	11,401,826
Underwriter C	53,065,993	53,620,745
Underwriter D	10,849,876	10,963,301
Underwriter E	55,570,813	56,151,751
Underwriter F	30,946,516	31,270,031
Underwriter G	22,370,193	22,604,051
Underwriter H	32,136,123	32,472,074
Underwriter I	9,130,822	9,226,275
Underwriter J	3,688,958	3,727,522
Underwriter K	3,688,958	3,727,522
Underwriter L	3,336,695	3,371,577
Underwriter M	6,189,471	6,254,176
Underwriter N	11,392,370	11,511,466
Underwriter O	52,242,190	53,230,730
Underwriter P	81,600,685	82,356,849
Underwriter Q	341,811,305	347,126,078
	<u>852,116,212</u>	<u>863,051,032</u>

The above Underwriters' Loans will be partly or entirely set off by the aggregated Subscription Price payable by the relevant Underwriters to the Company for subscription of the Untaken Shares pursuant to the Underwriting Agreement.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Event	2018
Despatch date of the circular, proxy form and notice of the SGM	Thursday, 12 July
Latest time and date for lodging transfer documents in order to qualify for attending and voting at the SGM	4:00 p.m. on Thursday, 26 July
Closure of register of members for determining the entitlement to attend and vote at the SGM (both days inclusive)	From Friday, 27 July to Thursday, 2 August
Latest time for lodging proxy forms for the SGM	11:00 a.m. on Tuesday, 31 July
Time and date of the SGM	11:00 a.m. on Thursday, 2 August
Announcement of poll results of the SGM	Thursday, 2 August
Last day of dealings in the Shares on a cum-rights basis	Friday, 3 August
First day of dealings in the Shares on an ex-rights basis	Monday, 6 August
Latest time and date for lodging transfer documents in order to qualify for the Rights Issue	4:00 p.m. on Tuesday, 7 August
Closure of register of members of the Company for determining the entitlement for the Rights Issue (both days inclusive)	From Wednesday, 8 August to Monday, 13 August
Record Date for determining entitlements to the Rights Issue	Monday, 13 August
Register of members of the Company re-opens	Tuesday, 14 August

Event**2018**

Despatch of Prospectus Documents (in the case of the Non-qualifying Shareholders, Prospectus only)	Tuesday, 14 August
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Thursday, 16 August
Latest time for splitting of nil-paid Rights Shares	4:00 p.m. on Monday, 20 August
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Thursday, 23 August
Latest Time For Acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Tuesday, 28 August
Latest Time For Termination of the Underwriting Agreement and the Rights Issue becomes unconditional	4:00 p.m. on Monday, 3 September
Announcement of the allotment results of the Rights Issue	Tuesday, 4 September
Despatch of share certificates for the fully-paid Rights Shares	Wednesday, 5 September
Despatch of refund cheques if the Rights Issue does not proceed or in respect of wholly or partially unsuccessful application(s) for excess Rights Shares	Wednesday, 5 September
First day of dealings in the fully-paid Rights Shares	9:00 a.m. on Thursday, 6 September

The expected timetable set out above is indicative only and is subject to change, and any changes will be announced by the Company in separate announcement(s) as and when appropriate. Pursuant to the Underwriting Agreement, the Record Date shall in any event be not later than the Long Stop Date.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR APPLICATION OF AND PAYMENT FOR RIGHTS SHARES AND EXCESS RIGHTS SHARES

All times and dates in this announcement refer to Hong Kong time. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Tuesday, 28 August 2018, being the date of the Latest Time For Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time For Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time For Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time For Termination) may be affected.

EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue:

Scenario 1 — assuming there is no change in the issued share capital of the Company since the date of this announcement and up to the Record Date:

	(i) As at the date of this announcement		(ii) Assuming all the Rights Shares are subscribed by the Qualifying Shareholders		(iii) Assuming no Qualifying Shareholders applied for their provisional allotments	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Underwriter B (<i>Note 1, 7</i>)	21,397,343	2.57	149,781,401	2.57	73,223,824	1.25
Mr. Liu (<i>Note 1</i>)	85,000	0.01	595,000	0.01	85,000	—
Underwriter C (<i>Note 2, 7</i>)	<u>2,584,169</u>	<u>0.31</u>	<u>18,089,183</u>	<u>0.31</u>	<u>246,314,828</u>	<u>4.22</u>
<i>Subtotal</i>	<u>24,066,512</u>	<u>2.89</u>	<u>168,465,584</u>	<u>2.89</u>	<u>319,623,652</u>	<u>5.47</u>
Underwriter A and his associates (<i>Note 3, 4, 7</i>)	47,550,009	5.70	332,850,063	5.70	611,345,727	10.48
Underwriter D (<i>Note 7</i>)	4,460,783	0.53	31,225,481	0.53	54,293,969	0.93
Underwriter E (<i>Note 4, 7</i>)	10,724,056	1.29	75,068,392	1.29	265,959,287	4.56
Underwriter F (<i>Note 5, 7</i>)	6,442,046	0.77	45,094,322	0.77	148,578,550	2.55
Underwriter G (<i>Note 5, 7</i>)	—	—	—	—	102,745,686	1.76
Underwriter H (<i>Note 7</i>)	694,727	0.08	4,863,089	0.08	148,295,063	2.54
Underwriter I (<i>Note 7</i>)	649,423	0.08	4,545,961	0.08	42,587,036	0.72
Underwriter J (<i>Note 4, 7</i>)	1,155,221	0.14	8,086,547	0.14	18,098,502	0.31
Underwriter K (<i>Note 7</i>)	999,297	0.12	6,995,079	0.12	17,942,578	0.31
Underwriter L (<i>Note 7</i>)	231,514	0.03	1,620,598	0.03	15,556,864	0.27
Underwriter M (<i>Note 7</i>)	—	—	—	—	28,428,072	0.48
Underwriter N (<i>Note 7</i>)	5,197,991	0.62	36,385,937	0.62	57,522,836	0.99
Underwriter O (<i>Note 7</i>)	—	—	—	—	241,957,863	4.15
Underwriter P (<i>Note 6, 7</i>)	26,237,000	3.15	183,659,000	3.15	208,055,181	3.56
Underwriter Q (<i>Note 6, 7</i>)	—	—	—	—	1,305,038,799	22.36
Underwriter R (<i>Note 7</i>)	—	—	—	—	1,545,454,554	26.48
Other public Shareholders	<u>705,437,361</u>	<u>84.60</u>	<u>4,938,061,527</u>	<u>84.60</u>	<u>705,437,361</u>	<u>12.08</u>
Total	<u>833,845,940</u>	<u>100.00</u>	<u>5,836,921,580</u>	<u>100.00</u>	<u>5,836,921,580</u>	<u>100.00</u>

Scenario 2 — assuming there is no change in the issued share capital of the Company from the date of this announcement and up to the Record Date other than the issue of new Shares upon exercise in full of the subscription rights attached to all outstanding Share Options (other than those subject to the Optionholders’ Undertakings):

	(i) As at the date of this announcement		(ii) Immediately after full exercise of all outstanding Share Options (other than those subject to the Optionholders’ Undertakings) (Note 8)		(iii) Assuming all the Rights Shares are subscribed by the Qualifying Shareholders		(iv) Assuming no Qualifying Shareholders applied for their provisional allotments	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Underwriter B (Note 1, 7)	21,397,343	2.57	21,397,343	2.54	149,781,401	2.54	73,223,824	1.24
Mr. Liu (Note 1)	85,000	0.01	85,000	0.01	595,000	0.01	85,000	—
Underwriter C (Note 2, 7)	<u>2,584,169</u>	<u>0.31</u>	<u>2,584,169</u>	<u>0.31</u>	<u>18,089,183</u>	<u>0.31</u>	<u>246,314,828</u>	<u>4.18</u>
<i>Subtotal</i>	<u>24,066,512</u>	<u>2.89</u>	<u>24,066,512</u>	<u>2.86</u>	<u>168,465,584</u>	<u>2.86</u>	<u>319,623,652</u>	<u>5.42</u>
Underwriter A and his associates (Note 3, 4, 7)	47,550,009	5.70	47,550,009	5.65	332,850,063	5.65	611,345,727	10.38
Underwriter D (Note 7)	4,460,783	0.53	4,460,783	0.53	31,225,481	0.53	54,293,969	0.92
Underwriter E (Note 4, 7)	10,724,056	1.29	10,724,056	1.28	75,068,392	1.28	265,959,287	4.52
Underwriter F (Note 5, 7)	6,442,046	0.77	6,442,046	0.77	45,094,322	0.77	148,578,550	2.52
Underwriter G (Note 5, 7)	—	—	—	—	—	—	102,745,686	1.75
Underwriter H (Note 7)	694,727	0.08	694,727	0.08	4,863,089	0.08	148,295,063	2.52
Underwriter I (Note 7)	649,423	0.08	649,423	0.08	4,545,961	0.08	42,587,036	0.72
Underwriter J (Note 4, 7)	1,155,221	0.14	1,155,221	0.14	8,086,547	0.14	18,098,502	0.31
Underwriter K (Note 7)	999,297	0.12	999,297	0.12	6,995,079	0.12	17,942,578	0.31
Underwriter L (Note 7)	231,514	0.03	231,514	0.03	1,620,598	0.03	15,556,864	0.27
Underwriter M (Note 7)	—	—	—	—	—	—	28,428,072	0.48
Underwriter N (Note 7)	5,197,991	0.62	5,197,991	0.62	36,385,937	0.62	57,522,836	0.98
Underwriter O (Note 7)	—	—	—	—	—	—	241,957,863	4.11
Underwriter P (Note 6, 7)	26,237,000	3.15	26,237,000	3.12	183,659,000	3.12	250,055,181	4.25
Underwriter Q (Note 6, 7)	—	—	—	—	—	—	1,305,038,799	22.17
Underwriter R (Note 7)	—	—	—	—	—	—	1,545,454,554	26.26
Other public Shareholders	<u>705,437,361</u>	<u>84.60</u>	<u>712,437,361</u>	<u>84.72</u>	<u>4,987,061,527</u>	<u>84.72</u>	<u>712,437,361</u>	<u>12.11</u>
Total	<u>833,845,940</u>	<u>100.00</u>	<u>840,845,940</u>	<u>100.00</u>	<u>5,885,921,580</u>	<u>100.00</u>	<u>5,885,921,580</u>	<u>100.00</u>

Notes:

1. Mr. Liu is an executive Director and holds 85,000 Shares by virtue of his personal interest and 21,397,343 Shares through Underwriter B (which is wholly and beneficially owned by Mr. Liu), representing approximately 0.01% and 2.57% of the existing issued share capital of the Company.
2. Underwriter C is an executive Director.
3. Underwriter A is an individual interested in 47,550,009 Shares (representing approximately 5.70% of the existing number of Shares in issue), of which 31,463,227 Shares (representing approximately 3.77% of the existing number of Shares in issue) are held by virtue of his personal interest and 16,086,782 Shares (representing approximately 1.93% of the existing number of Shares in issue) are held by Golden Eagle (Asia) Investment Limited (which is wholly owned by Underwriter A).
4. Underwriter A and Underwriter J are interested in approximately 26% and 4.8% of the issued share capital of Underwriter E.
5. Underwriter G is the spouse of Underwriter F.
6. Underwriter Q is wholly owned by Ms. Guan Yuyan, who is the spouse of Underwriter P.
7. Pursuant to the Underwriting Agreement:
 - (i) The Underwriter will not subscribe, for its own account, for such number of Untaken Shares which will result in it (together with parties acting in concert with it) holding 30% (or such other percentage which will trigger a general offer to be made for the Shares under the Takeovers Code) or more of the voting rights of the Company upon completion of the Rights Issue;
 - (ii) unless the Underwriter itself subscribes for all the Untaken Shares, the Underwriter shall use its best endeavours to ensure that the subscribers for the Untaken Shares shall be Independent Third Parties and each of these subscribers (together with parties acting in concert with it) will not be holding 30% (or such other percentage which shall trigger a general offer to be made for the Shares under the Takeovers Code) or more of the voting rights of the Company upon completion of the Rights Issue; and
 - (iii) The Underwriter shall (and, for Underwriter R, shall cause the sub-underwriters to) procure subscribers which are Independent Third Parties to take up such number of Untaken Shares as necessary to ensure compliance by the Company of the minimum public float requirements set out under Rule 8.08(1) of the Listing Rules.
8. As at the date of this announcement, there are outstanding Share Options which entitle the holders thereof to subscribe for a total of 22,099,998 new Shares at the prevailing subscription price of HK\$4.972 per Share.

REASONS FOR THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS

The Company is an investment holding company. 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.

The Group had turned around to record profit from operations of approximately HK\$53 million for the year ended 31 December 2017 from a loss from operations of approximately HK\$9 million for 2016. However, the 2017 profit from operations was totally eroded by, among other things, the finance costs of approximately HK\$427 million incurred for the year which were mainly attributable to interest expenses incurred for the Group's bank and other borrowings. As at 31 December 2017, the Group had outstanding bank and other borrowings amounting to approximately HK\$3,645 million and net current liabilities of approximately HK\$2,985 million. As disclosed in the section headed "Information on the Underwriters" above, the Group had Underwriters' Loans due to the Underwriters in the aggregate amount of approximately HK\$852 million as at 15 June 2018, of which approximately HK\$445 million will fall due in the second half of 2018 and approximately HK\$407 million will fall due in the first quarter of 2019. In order to alleviate its liquidity pressure, the Company has been exploring various options to reduce its debt level and gearing ratio. To this end, the Group had completed a placing of new Shares under general mandate in February 2018 and raised net proceeds of approximately HK\$155 million, of which HK\$120 million had been used for settlement of the Group's debts. The Group intends to raise capital by way of the Rights Issue to repay/settle certain of its bank borrowings and the Underwriters' Loans thereby further reducing its debt level.

The aggregate Subscription Price for the Rights Shares will be not less than approximately HK\$1,101 million and not more than approximately HK\$1,110 million. The estimated net cash proceeds from the Rights Issue (taking into account the effect of the Set-Off and deducting the related expenses for the Rights Issue) will be not less than approximately HK\$326 million and not more than approximately HK\$1,096 million. The net price per Rights Share after deducting the related expenses of the Rights Issue will be approximately HK\$0.217.

The Company intends to apply the net cash proceeds from the Rights Issue as to (i) approximately 85% (equivalent to not less than approximately HK\$277 million and not more than approximately HK\$932 million) for repayment of bank and other borrowings due within the next 12 months, of which one half will be used for repayment of bank borrowings and the other half will be used for repayment of the Underwriters' Loans. In the event that the portion of net proceeds from the Rights

Issue allocated to repayment of the Underwriters' Loans together with the amount of Underwriters' Loans subject to the Set-Off exceed the aggregate Subscription Price in respect of the Underwriting Commitment, the excessive portion will also be allocated to repayment of bank borrowings; and (ii) approximately 15% (equivalent to not less than approximately HK\$49 million and not more than approximately HK\$164 million) for general working capital for settlement of finance costs and production costs of the Group.

For illustration purpose only, the table below sets out the intended use of the net cash proceeds from the Rights Issue by the Company based on the minimum and the maximum net cash proceeds from the Rights Issue:

	Minimum net cash proceeds from the Rights Issue		Maximum net cash proceeds from the Rights Issue	
	<i>Amount (HK\$ million)</i>	<i>Approx. %</i>	<i>Amount (HK\$ million)</i>	<i>Approx. %</i>
Repayment of bank borrowings	277.1	85.00	465.8	42.50
Repayment of Underwriters' Loans	—	—	465.8	42.50
General working capital	<u>48.9</u>	<u>15.00</u>	<u>164.4</u>	<u>15.00</u>
Total	<u>326.0</u>	<u>100.00</u>	<u>1,096.0</u>	<u>100.00</u>

FUND RAISING EXERCISE IN THE PRECEDING 12-MONTH PERIOD

The table below sets out the fund raising exercise conducted by the Company in the past 12 months immediately prior to the date of this announcement:

Date of initial announcement	Date of completion of the fund raising activity	Fund raising activity	Net proceeds raised	Proposed use of the proceeds	Actual use of the proceeds
17 January 2018	1 February 2018	placing of 2,779,000,000 new shares of the Company equivalent to 138,950,000 Shares under general mandate	approximately HK\$155 million	(i) approximately HK\$120 million for the settlement of the Group's debts; and (ii) remaining proceeds for the general working capital (comprising production costs, finance costs and administrative expenses of approximately HK\$20 million, HK\$10 million and HK\$5 million respectively) of the Group.	(i) used as intended (ii) used as intended

Save as disclosed above, the Company has not conducted any other fund raising activities in the past 12 months immediately prior to the date of this announcement.

POSSIBLE ADJUSTMENTS RELATING TO SHARE OPTIONS AND CONVERTIBLE BONDS

As at the date of this announcement, the Company has outstanding (i) Share Options which entitle the Optionholders to subscribe for 22,099,998 Shares; and (ii) Convertible Bonds which are convertible into 252,359,274 Shares.

As a result of the Rights Issue, there may be certain adjustments to (i) the exercise prices and/or number of new Shares to be issued upon exercise of the Share Options; and/or (ii) the conversion prices and/or number of Conversion Shares to be issued upon conversion of the Convertible Bonds, respectively. Pursuant to the relevant terms of the Share Option Scheme and the instrument of the Convertible Bonds, the final results of adjustments (if any) to (i) the exercise prices and/or number of new Shares to be issued upon exercise of the Share Options; and/or (ii) the conversion prices and/or number of Shares to be issued upon conversion of the Convertible

Bonds, respectively, will become effective subject to certification by the auditors of the Company for the time being or, where applicable, an investment or merchant bank of repute. Further announcement will be made by the Company on details of the adjustments (if any) upon receiving the aforesaid certifications.

LISTING RULES IMPLICATIONS

Given that the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional on, among other things, the approval by the Independent Shareholders at the SGM, where any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution approving the Rights Issue. Given that the Company does not have any controlling Shareholder as at the date of this announcement, the executive Directors, the chief executives of the Company and their respective associates shall abstain from voting in favour of the resolution approving the Rights Issue. In addition, the Underwriters and their respective associates shall abstain from voting on the resolution approving the Rights Issue by virtue of their material interest in the Rights Issue.

As at the date of this announcement, (i) Mr. Liu (the chairman of the Board and an executive Director), through Underwriter B and his personal interest, is interested in 21,482,343 Shares (representing approximately 2.58% of the existing issued share capital of the Company); (ii) Underwriter C (an executive Director) is interested in 2,584,169 Shares (representing approximately 0.31% of the existing issued share capital of the Company); (iii) Underwriter A, through Golden Eagle (Asia) Investment Limited and his personal interest, is interested in 47,550,009 Shares (representing approximately 5.70% of the existing issued share capital of the Company); (iv) Underwriter D is interested in 4,460,783 Shares (representing approximately 0.53% of the existing issued share capital of the Company); (v) Underwriter E is interested in 10,724,056 Shares (representing approximately 1.29% of the existing issued share capital of the Company); (vi) Underwriter F is interested in 6,442,046 Shares (representing approximately 0.77% of the existing issued share capital of the Company); (vii) Underwriter H is interested in 694,727 Shares (representing approximately 0.08% of the existing issued share capital of the Company); (viii) Underwriter I is interested in 649,423 Shares (representing approximately 0.08% of the existing issued share capital of the Company); (ix) Underwriter J is interested in 1,155,221 Shares (representing approximately 0.14% of the existing issued share capital of the Company); (x) Underwriter K is interested in 999,297 Shares (representing approximately 0.12% of the existing issued share capital of the Company); (xi) Underwriter L is interested in 231,514 Shares (representing approximately 0.03% of the existing issued share capital of the Company); (xii) Underwriter N is interested in 5,197,991 Shares (representing approximately 0.62% of the existing issued share capital of the Company); and

(xiii) Underwriter P is interested in 26,237,000 Shares (representing approximately 3.15% of the existing issued share capital of the Company). Therefore, they and their respective associates are required to abstain from voting in favour of the resolutions approving the Rights Issue at the SGM.

As at the date of this announcement, (i) Underwriter B, being an associate of a Director; (ii) Underwriter C, being a Director; and (iii) Underwriter D, being a former Director in the last 12 months prior to the date of this announcement, are connected persons of the Company. As such, the Rights Issue with Underwriter B, Underwriter C and Underwriter D as underwriters constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.92(2) of the Listing Rules, as the Company has made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Issue in compliance with Rule 7.21(1) of the Listing Rules, the issue of the Rights Shares to Underwriter B, Underwriter C and Underwriter D under the Rights Issue is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, save as disclosed above, none of the Underwriters and their respective close associates have any shareholding interest in the Company. In the event that the Underwriters and any of the sub-underwriters have shareholding interest in the Company, it/they is/are required to abstain from voting on the resolution(s) approving the Rights Issue at the SGM.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to make recommendations to the Independent Shareholders in respect of the Rights Issue. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The SGM will be convened and held to consider and, if appropriate, approve the Rights Issue and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Rights Issue and the Underwriting Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; and (iv) a notice convening the SGM will be despatched to the Shareholders on or before Thursday, 12 July 2018.

Upon the approval of the Rights Issue and the Underwriting Agreement by the Independent Shareholders at the SGM, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Non-qualifying Shareholders for information purposes only.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional upon, among other things, the obligations of the Underwriters under the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Monday, 6 August 2018 and that dealings in the Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in the Shares from the date of this announcement up to the date on which all conditions of the Rights Issue are fulfilled (which is expected to be on 4:00 p.m. on Monday, 3 September 2018), and any dealings in the Rights Shares in their nil-paid form from Thursday, 16 August 2018 to Thursday, 23 August 2018 (both days inclusive), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating dealing in the securities of the Company are recommended to consult their own professional advisers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Additional Rights Shares”	the Rights Shares to be allotted and issued to the Optionholders who have exercised the Share Options on or before the Record Date
“Additional Underwriting Commitment”	in respect of Underwriter P, the portion of his Underwriting Commitment in respect of the Additional Rights Shares, as set out in the paragraph headed “Underwriting Agreement” under the section headed “Underwriting Arrangement and Optionholders’ Undertakings” in this announcement

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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”	completion of the Rights Issue
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“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 as at the date of this announcement which are convertible into 252,359,274 Shares upon exercise of the relevant conversion rights by the holders thereof
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for excess Rights Shares in such form as may be agreed between the Company and the Underwriters
“Group”	the Company and its subsidiaries

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all three independent non-executive Directors, namely Mr. Wu Tai Cheung, Professor Xiao Rong Ge and Professor Zhang Tianyu, has been established to give a recommendation to the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
“Independent Shareholders”	Shareholders other than (i) the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates; and (ii) the Underwriters and their respective associates
“Independent Third Parties”	parties that are independent of the Company and its connected persons
“Initial Underwriting Commitment”	in respect of Underwriter P, the portion of his Underwriting Commitment to be fulfilled by way of Set-Off, as set out in the paragraph headed “Underwriting Agreement” under the section headed “Underwriting Arrangement and Optionholders’ Undertakings” in this announcement
“Last Trading Day”	21 June 2018, being the date of the Underwriting Agreement and the last trading day for the Shares on the Stock Exchange before the release of this announcement

“Latest Time For Acceptance”	4:00 p.m. on Tuesday, 28 August 2018, or such later time or date as may be agreed between the Underwriters and the Company in writing, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time For Termination”	4:00 p.m. on the forth Business Day following (but excluding) the Latest Time For Acceptance or such later time or date as may be agreed between the Underwriters and the Company in writing, being the latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2018
“Mr. Liu”	Mr. Liu Liyang, an executive Director and the chairman of the Board
“Non-qualifying Shareholders”	the Overseas Shareholder(s) to whom the Directors consider it necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Optionholder(s)”	holder(s) of the Share Option(s) which were outstanding as at the date of this Announcement and are capable of being exercised on or before the Record Date
“Optionholder’s Undertakings”	the irrevocable undertakings dated 21 June 2018 given by the Undertaken Optionholders in favour of the Company and the Underwriters, as described in the paragraph headed “Optionholders’ Undertakings” under the section headed “Underwriting Arrangement and Optionholders’ Undertakings” in this announcement
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside of Hong Kong

“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue in such form as may be agreed between the Company and the Underwriters
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders in relation to the Rights Issue in such form as may be agreed between the Company and the Underwriters
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Tuesday, 14 August 2018, or such other day as may be agreed between the Company and the Underwriters, being the date of despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the Record Date, other than the Non-qualifying Shareholders
“Record Date”	Monday, 13 August 2018, being the date by reference to which Shareholders’ entitlements to the Rights Issue will be determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong which is Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares on the basis of six (6) Rights Shares for every one (1) existing Share in issue and held by the Qualifying Shareholders on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents

“Rights Share(s)”	new Share(s) to be allotted and issued under the Rights Issue, being not less than 5,003,075,640 new Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date) and not more than 5,045,075,640 new Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date other than the issue of new Shares upon exercise in full of the subscription rights attached to all outstanding Share Options (other than those subject to the Optionholders’ Undertakings) on or before the Record Date)
“Set-Off”	the set-off of part or all of the Underwriters’ Loans as at the Latest Time for Acceptance against the aggregate Subscription Price payable by the relevant Underwriter to the Company for subscription of the Untaken Shares pursuant to the Underwriting Agreement
“Settlement Date”	the date for the despatch of share certificates for the fully-paid Rights Shares (or such other time or date as the Underwriters and the Company may agree in writing) as the day for settlement of the Rights Issue
“SGM”	the special general meeting of the Company to be held to consider and approve, among other things, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) with par value of HK\$0.1 each in the share capital of the Company
“Share Option(s)”	the share option(s) entitling holders thereof to subscribe for Share(s) granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 30 May 2014
“Shareholder(s)”	holder(s) of the Share(s)

“Specified Event”	an event occurring or matter arising on or after the date of this announcement and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price in respect of each Rights Share, being HK\$0.22 per Rights Share
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Undertaken Optionholders”	Mr. Liu, Underwriter C and certain senior management staff and employees of the Company
“Underwriter A”	Mr. Koo Yuen Kim
“Underwriter B”	Tai Ning Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Liu
“Underwriter C”	Mr. Zhang Lirui, an executive Director
“Underwriter D”	Mr. Li Xianghong, a former executive Director in the past 12 months preceding the date of the Underwriting Agreement
“Underwriter E”	Keenet International Investment Limited, a company incorporated in Hong Kong with limited liability
“Underwriter F”	Ms. Xia Bing
“Underwriter G”	Mr. Yan Zhen
“Underwriter H”	Mr. Cheung Wai Biu
“Underwriter I”	Ms. Jiang Yun
“Underwriter J”	Ms. Peng Zhihong
“Underwriter K”	Ms. Zhao Jianhong
“Underwriter L”	Mr. Ruan Jinghui

“Underwriter M”	Mr. Gong Weihong
“Underwriter N”	Ms. Chung Mui Hing Salina
“Underwriter O”	Hongkong Fortune Investment Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by Ms. Li Hai Lin
“Underwriter P”	Mr. Liu Shiwei
“Underwriter Q”	Grace Silver Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Ms. Guan Yuyan, the spouse of Underwriter P
“Underwriter R”	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)
“Underwriters”	collectively, Underwriter A, Underwriter B, Underwriter C, Underwriter D, Underwriter E, Underwriter F, Underwriter G, Underwriter H, Underwriter I, Underwriter J, Underwriter K, Underwriter L, Underwriter M, Underwriter N, Underwriter O, Underwriter P, Underwriter Q and Underwriter R, and each, an “Underwriter”
“Underwriters’ Loan(s)”	the outstanding amount of the loans and accrued interest due and owed by the Company to the relevant Underwriter
“Underwriting Agreement”	the underwriting agreement dated 21 June 2018 entered into between the Company and the Underwriters in relation to the Rights Issue
“Underwriting Commitment”	the number of Rights Shares for which such Underwriter has agreed to subscribe pursuant to the terms of the Underwriting Agreement as set out in the paragraph headed “Underwriting Agreement” under the section headed “Underwriting Arrangement and Optionholders’ Undertakings” in this announcement

“Underwritten Shares”	all the Rights Shares to be underwritten by the Underwriters
“Untaken Shares”	Rights Shares not taken up by the Qualifying Shareholders under PALs or EAFs at or before the Latest Time for Acceptance
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

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

Hong Kong, 21 June 2018

As at the date of this announcement, the executive Directors 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 are Mr. Wu Tai Cheung, Professor Xiao Rong Ge and Professor Zhang Tianyu.