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NINE EXPRESS LIMITED

九號運通有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 00009)

**MEMORANDUM OF UNDERSTANDING IN RESPECT OF
A POSSIBLE ACQUISITION**

The Board is pleased to announce that on 17 May 2016 (after trading hours), the Company entered into a non-legally binding Memorandum with the Vendor in relation to the Possible Acquisition, pursuant to which, the Company intends to acquire and the Vendor intends to sell certain shares of its subsidiary which will hold interest in the Project Companies, after which the Company will be interested in not less than 40% of the equity interest in the Project Companies.

The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by the Vendor and the Company as at the date of this announcement. As such, the Possible Acquisition may or may not proceed.

In the event the Possible Acquisition materialises, it may constitute a notifiable transaction on the part of the Company pursuant to Chapter 14 of the Listing Rules.

Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement(s) in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 17 May 2016 (after trading hours), the Company entered into a non-legally binding Memorandum with the Vendor in relation to the Possible Acquisition.

THE MEMORANDUM

Date: 17 May 2016 (after trading hours)

Parties: (1) the Company as the purchaser; and
(2) Bestford Investments Limited as the vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Subject matter

Pursuant to the Memorandum, the Company intends to acquire and the Vendor intends to sell certain shares of its subsidiary which will hold interest in the Project Companies, after which the Company will be interested in not less than 40% of the equity interest in the Project Companies.

Consideration

Pursuant to the Memorandum, the consideration of the Possible Acquisition will be determined after arm's length negotiations between the Company and the Vendor.

Formal SP Agreement

As soon as practicable after signing the Memorandum, the Company and the Vendor will negotiate in good faith the structure of the Possible Acquisition and detailed terms of a definitive Formal SP Agreement. The Company shall be entitled to nominate its wholly-owned subsidiary to enter into the Formal SP Agreement as the purchaser.

It is intended that the parties shall enter into the Formal SP Agreement on or before 30 August 2016. The Formal SP Agreement will include, among others, the consideration and conditions precedent to the completion of the Formal SP Agreement.

Due diligence

The Vendor shall procure that as soon as practicable after the signing of the Memorandum, the Company and its advisers and consultants will be given reasonable access to the books, records, properties and assets of the Target Company and the Project Companies for the purpose of conducting due diligence on the Target Company and the Project Companies for the Possible Acquisition.

Conditions precedent to the completion of the Formal SP Agreement

Completion of the Formal SP Agreement is subject to, among others, the completion of the acquisition of the interest in the Project Companies by the Target Company and the completion of the due diligence review over the Target Company and Project Companies.

INFORMATION OF THE VENDOR AND THE PROJECT COMPANIES

According to the Vendor, the Vendor will through its subsidiary to acquire the equity interest in the Project Companies from their existing shareholders.

The Project Companies principally engage in the cogeneration business and distribution of steam in Inner Mongolia, PRC.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group is principally engaged in property rental and property and hotel development in PRC as well as film production and related businesses.

As disclosed in the Company's annual report for the year ended 31 December 2015, the Company intends to engage in new environmental energy technology business, particularly the supply of heat and steam, and related technologies and products. The Board considers that the transaction as contemplated under the Memorandum, if materialised, will enable the Company to further invest in the environmental energy technology business. The Board believes that the terms of the Memorandum and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GENERAL

Save for clauses regarding, among other things, confidentiality and costs and expenses of the Memorandum, the Memorandum does not constitute legally-binding commitment in respect of the Possible Acquisition. The Possible Acquisition is subject to, among others, the execution and completion of the Formal SP Agreement. **The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by the Vendor and the Company as at the date of this announcement. As such, the Possible Acquisition may or may not proceed.**

In the event the Possible Acquisition materialises, it may constitute a notifiable transaction on the part of the Company pursuant to Chapter 14 of the Listing Rules.

Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement(s) in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

DEFINITIONS

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

“Board”	board of Directors;
“Company”	Nine Express Limited (九號運通有限公司), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code “00009”);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Directors”	the director(s) of the Company;
“Formal SP Agreement”	the formal sale and purchase agreement which may or may not be entered into between the Vendor and the Company in relation to the Possible Acquisition;
“Group”	the Company and its subsidiaries;
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Memorandum”	the non-legally binding memorandum of understanding dated 17 May 2016 and entered into between the Vendor and the Company setting out the preliminary understanding in relation to the Possible Acquisition;
“Possible Acquisition”	the possible acquisition of certain shares of the Target Company by the Company from the Vendor as contemplated under the Memorandum;
“PRC”	The People’s Republic of China;
“Project Companies”	two companies incorporated in PRC and which carrying on the business of cogeneration business and distribution of steam in Inner Mongolia, PRC;
“Shareholder(s)”	holder(s) of the shares of the Company;

“Target Company” a company to be incorporated or established by the Vendor and which will hold interest in the Project Companies; and

“Vendor” Bestford Investments Limited, a company incorporated in the British Virgin Islands.

By order of the Board
Nine Express Limited
HUI WAI LEE, WILLY
Chairman

Hong Kong, 17 May 2016

As at the date of this announcement, the Board comprises nine directors. The executive directors of the Company are Mr. Hui Wai Lee, Willy (Chairman), Mr. Xiang Junjie (Chief Executive Officer), Mr. Tai Yat Chung, Mr. Li Wenjun, Mr. Zhong Yingchang and Mr. Ji Jianguo; and the independent non-executive directors are Mr. Tsui Pui Hung, Mr. Tang Ping Sum and Mr. Chiu Sin Nang, Kenny.