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## **NINE EXPRESS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 0009)**

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

#### **Placing Agent**



**UPBEST SECURITIES COMPANY LIMITED**

On 13 July 2016 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 494,232,500 Placing Shares at the Placing Price of HK\$0.323 per Placing Share to not less than six Placees who and whose beneficial owners shall be Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors granted at the AGM held on 29 June 2016.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 20% of the existing issued share capital of the Company of 2,471,162,504 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.323 per Placing Share represents (i) a discount of approximately 17.18% to the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.85% to the average closing price of HK\$0.403 per Share in the last five trading days prior to the date of the Placing Agreement.

Subject to completion of the Placing, it is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$159.64 million and HK\$153.9 million respectively. On such basis, the net issue price will be approximately HK\$0.311 per Placing Share.

**Since completion of the Placing is subject to the fulfillment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

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

The Board announces that on 13 July 2016 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 494,232,500 Placing Shares at the Placing Price of HK\$0.323 per Placing Share to not less than six Placees who and whose beneficial owners shall be Independent Third Parties. The principal terms of the Placing Agreement are set out below.

### **THE PLACING AGREEMENT**

#### **Date**

13 July 2016 (after trading hours)

#### **Issuer**

The Company

#### **Placing Agent**

Upbest Securities Company Limited, an Independent Third Party

Pursuant to the terms of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 494,232,500 Placing Shares to independent Placees. The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its associates are Independent Third Parties. As at the date of this announcement, the Placing Agent and its associates were not interested in any Share.

The Placing Agent will charge the Company a placing commission equivalent to 3.5% of the Placing Price in respect of such number of Placing Shares successfully placed by the Placing Agent plus any other out-of-pocket charges and expenses by the Placing Agent in relation to the Placing.

### **Placees**

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees, who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties.

### **Number of Placing Shares**

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 20% of the existing issued share capital of the Company of 2,471,162,504 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

### **Ranking of Placing Shares**

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

### **Placing Price**

The Placing Price of HK\$0.323 per Placing Share represents (i) a discount of approximately 17.18% to the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.85% to the average closing price of HK\$0.403 per Share in the last five trading days prior to the date of the Placing Agreement.

The Placing Price of the Placing was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Placing is in the interests of the Company and the Shareholders as a whole.

Subject to completion of the Placing, it is expected that the maximum gross proceeds and net proceeds (after deducting placing commission and other relevant costs and expenses) from the Placing will be approximately HK\$159.64 million and HK\$153.9 million respectively. On such basis, the net issue price will be approximately HK\$0.311 per Placing Share.

## **General Mandate to allot and issue of the Placing Shares**

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Under the General Mandate, the Company is authorized to issue up to 494,232,500 Shares each under the General Mandate. Up to the date of this announcement, no other Share has been issued under the General Mandate. The maximum of 494,232,500 Placing Shares to be allotted and issued will utilize the entire General Mandate.

## **Application for listing of Placing Shares**

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

## **Condition of the Placing Agreement**

Completion of the Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares to be placed pursuant to the Placing Agreement on or before 3 August 2016 (or such later date as the parties thereto may agree in writing) (“**Long Stop Date**”).

If the above condition is not satisfied on or before the Long Stop Date, the obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and neither the Placing Agent nor the Company shall have any claim against the other in relation to the Placing Agreement (save in respect of (i) any antecedent breaches of any obligation thereunder; and (ii) any liabilities in respect of the representations and warranties made by the Company, undertakings by the Placing Agent, indemnity and reimbursements).

## **Completion of the Placing**

Completion of the Placing shall take place on the third Business Day after the fulfillment of the above condition or on such other date as the Company and the Placing Agent may agree in writing.

## **Force majeure**

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing to the Company at any time up to 9:00 a.m. on the date of completion of the Placing if, in the reasonable opinion of the Placing Agent, after consultation with the Company:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or

- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in this announcement and the previously published announcements by the Company has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (5) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Placing); or
- (6) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties under the Placing Agreement.

Upon termination of the Placing Agreement as described above, all liabilities of the parties to the Placing Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of (i) any antecedent breach of any obligation under the Placing Agreement; and (ii) any liabilities in respect of the representations and warranties made by the Company, undertakings by the Placing Agent, indemnity and reimbursements.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

**Since completion of the Placing is subject to the fulfillment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

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

The Group is principally engaged in the film production and related business, film processing, rental of property and property and hotel development.

As disclosed in its annual report, the Company is in the course of exploring suitable sectors, for instance, finance-related industry, for investment or business development, so as to stimulate the growth of the Group, and enable the Group to maximise its return and improve its competitiveness in the course of global economic cyclical adjustments. Whilst the Group has not yet identified any other investment/business opportunities as at the date of this announcement save as previously disclosed, the Group will continue to explore new opportunities to strengthen its current portfolio and extend to other business areas, in an attempt to maintain its competitive edge under current macro-environment.

It is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$159.64 million and HK\$153.9 million respectively.

The net proceeds from the Placing are intended to be used for:

- i) approximately HK\$15,500,000 to repay interest expense for the US\$20 million guaranteed secured notes due 2018;
- ii) potential investments opportunities in the future; and
- iii) general working capital purpose

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide funding to the Group to meet any future development opportunities and obligations. The Placing also represents good opportunities to broaden the Shareholders' base and the capital base of the Company.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement are fair and reasonable and are on normal commercial terms and the Placing is in the interest of the Company and the Shareholders as a whole.

## EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Save as disclosed below, the Company had not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

Date of announcement	Event	Net proceeds (approximate)	Intended use of proceeds (approximate)	Actual use of proceeds (approximate)
27 May 2015	Placing of warrants under specific mandate	Approximately HK\$12.5 million	Repayment of interest expenses	Fully utilized as intended use
12 August 2015	Issue of guaranteed secured convertible notes due 2017	Approximately not more than HK\$230.55 million	To be used for part of funding for the acquisition of the entire issued share capital of the SPV as detailed in the Company's announcement dated 12 August 2015	The proposed issue was lapsed in February 2016
6 November 2015	Placing of Shares under General Mandate	Approximately HK\$194.87 million	<ul style="list-style-type: none"> <li>i) approximately HK\$15,500,000 to repay interest expense for the US\$20 million guaranteed secured notes due 2018;</li> <li>ii) approximately HK\$4,700,000 to pay ticking fee for the guaranteed secured convertible notes due 2017 which issue has not completed; and</li> <li>iii) remaining proceeds will be used for any potential investments in the future (which may include the possible acquisition of the interest in the project companies which the Company has entered into a memorandum of understanding on 22 October 2015, details of which are set out in the announcement of the Company stated on 22 October 2015) and general working capital of the Group.</li> </ul>	Fully utilized as intended use

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (subject to completion of the Placing and assuming that there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares under the Placing) are set out below:

Shareholders	As at the date of this announcement		Immediately upon completion of the Placing	
	Number of issued Shares	Approximate Percentage	Number of issued Shares	Approximate Percentage
Full Dragon Group Limited (Note 1)	938,309,250	37.97%	938,309,250	31.64%
Connected-World Group Limited (Note 2)	425,175,000	17.21%	425,175,000	14.34%
The Placees	–	–	494,232,500	16.67%
Other Shareholders	<u>1,107,678,254</u>	<u>44.82%</u>	<u>1,107,678,254</u>	<u>37.35%</u>
Total:	<u>2,471,162,504</u>	<u>100.00%</u>	<u>2,965,395,004</u>	<u>100.00%</u>

*Notes:*

1. The entire issued share capital of Full Dragon Group Limited is owned by Mr. Cheng Keung Fai. Full Dragon Group Limited has granted (i) a security interest over 58.39% of the total issued share capital of the Company as at the date of the grant and (ii) a call option to acquire 149,809,676 Shares of the total issued share capital of the Company, to a subsidiary of Central Huijin Investment Limited, details of which were disclosed in the announcement of the Company dated 4 May 2015.
2. The entire issued share capital of Connected-World Group Limited is owned by Mr. Cheng Ngok Fai.

## DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 29 June 2016
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Nine Express Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules



<b>“Director(s)”</b>	Director(s) of the Company
<b>“General Mandate”</b>	the general mandate granted to the Directors at the AGM to allot, issue or deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Independent Third Party(ies)”</b>	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates (as defined under the Listing Rules)
<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on the Stock Exchange
<b>“Placee(s)”</b>	any individuals, corporates, institutional investors or other investors to be procured by or on behalf of the Placing Agent under the Placing
<b>“Placing”</b>	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s) on the terms and subject to the conditions set out in the Placing Agreement
<b>“Placing Agent”</b>	Upbest Securities Company Limited, the placing agent and a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (assets management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) in Hong Kong
<b>“Placing Agreement”</b>	the conditional placing agreement entered into between the Company and the Placing Agent dated 13 July 2016 in relation to the Placing under the General Mandate
<b>“Placing Price”</b>	HK\$0.323 per Placing Share
<b>“Placing Shares”</b>	an aggregate of up to 494,232,500 new Shares to be placed pursuant to the Placing Agreement and each a “Placing Share”

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Nine Express Limited**  
**Hui Wai Lee, Willy**  
*Chairman*

Hong Kong, 13 July 2016

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