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NINE EXPRESS LIMITED

九號運通有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 00009)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Riches Depot Securities Co., Limited

On 23 June 2017, after trading hours, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best efforts basis, up to 494,232,500 Placing Shares, at the Placing Price and the Company agreed to allot and issue the Placing Shares at the Placing Price. The Placing Shares will be allotted and issued under the General Mandate.

If all of the Placing Shares are placed, they represent (i) approximately 20.00% of the 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 immediately after the completion of the Placing.

The Placing is conditional upon the Stock Exchange granting or agreeing to grant a listing of and permission to deal in the Placing Shares.

Assuming 494,232,500 Placing Shares have been placed, the net proceeds to be received by the Company from the Placing will amount to approximately HK\$115.99 million. It is intended that the net proceeds from the Placing will be used for i) approximately HK\$15.50 million to repay

interest expense for the US\$20.00 million guaranteed secured notes due January 2018; ii) approximately HK\$27.00 million to repay the loans from a shareholder, Keyne Holdings Limited; and iii) the remaining net proceeds of approximately HK\$73.49 million for any potential investments in the future and general working capital of the Group.

Completion of the Placing is subject to fulfilment of the condition and the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

I. THE PLACING AGREEMENT

Date

23 June 2017 (after trading hours)

Parties

- (i) the Company; and
- (ii) the Placing Agent.

The Placing and Number of Placing Shares

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to place, on a best efforts basis, up to 494,232,500 new Shares, representing (i) approximately 20.00% of the 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 immediately after the completion of the Placing.

The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$4,942,325.

Placing Price

The Placing Price of HK\$0.24 per Placing Share represents:

- (i) a discount of approximately 18.64% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on 23 June 2017, being the date of the Placing Agreement; and

- (ii) a discount of approximately 19.46% to the average closing price of the Shares of approximately HK\$0.298 per Share as quoted on the Stock Exchange from 16 June 2017 to 22 June 2017, both dates inclusive, being the last five trading days immediately prior to the date of this announcement.

The net Placing Price, after deduction of placing commission and all other fees and expenses, is estimated to be approximately HK\$0.235 per Placing Share.

Placing Agent

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of the Company and not connected persons (as defined in the Listing Rules) to the Company. As confirmed by the Placing Agent, Mr. Liu Xuezhong (劉學忠) is the controlling shareholder of the Placing Agent, who is indirectly interested in 124,336,585 Shares, representing approximately 5.03% of the existing issued Shares at the date of the Placing Agreement, through the companies controlled by him.

Placing Commission

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 2% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing market conditions. The Directors consider that the placing commission in respect of the Placing is fair and reasonable based on the current market conditions.

The Placees

The Placing Agent has agreed to procure to offer the Placing Shares to not less than six Placees. The Placees (and their respective ultimate beneficial owners) are independent of the Company and its connected persons (as defined in the Listing Rules). None of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company upon completion of the Placing.

Rights and Ranking of the Placing Shares

The Placing Shares will be sold free of any encumbrances and third-party rights and rank *pari passu* among themselves and with Shares in issue as at the date of this announcement.

Condition of the Placing

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares, either unconditionally or subject to such conditions to which the Placing Agent shall accept and such permission and listing not subsequently being revoked or withdrawn prior to the dispatch of definitive share certificate(s) representing the Placing Shares.

If the above condition is not satisfied on or before 17 July 2017 or such later date as the Company and the Placing Agent may agree, the rights and obligations of the Placing Agent and the Company under the Placing Agreement shall cease and determine and none of the parties to the Placing Agreement shall have any claim against the other for costs, damages, compensation or otherwise (save for clauses as specified in the Placing Agreement and any antecedent breaches thereto).

Completion

Completion of the Placing shall take place on the date which is two Business Days immediately after the satisfaction of the condition set out in the paragraph headed “Condition of the Placing” in this announcement or such later date as the Company and the Placing Agent may agree in writing (the “**Closing Date**”).

Termination

The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing to the Company prior to 8:00 a.m. on the Closing Date, if there has come to the notice of the Placing Agent any of the following events:

- (i) if there develops, occurs, or comes into force any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole; or
- (ii) if there develops, occurs, or comes into force the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after 23 June 2017 and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market condition which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole; or

- (iii) if there develops, occurs, or comes into force the imposition of any moratorium, suspension or material restriction of trading in securities generally on the Stock Exchange for 10 consecutive trading days occurring due to exceptional financial circumstances or otherwise which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole; or
- (iv) if there develops, occurs, or comes into force a change or development involving a prospective change in taxation in Hong Kong, Bermuda or the People Republic of China or the implementation of exchange controls which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole; or
- (v) if there develops, occurs, or comes into force any material adverse change or deterioration in the condition of local, national or international securities market occurs which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole; or
- (vi) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after 23 June 2017 and prior to 8:00 a.m. on the Closing Date which if it had occurred or arisen before 23 June 2017 would have rendered any of such representations or warranties untrue or incorrect in any material respect in such a manner as would in the reasonable opinion of the Placing Agent materially and adversely affect the financial position or business of the Company or there has been a material breach of, or failure to perform, any other material provision of the Placing Agreement on the part of the Company; or
- (vii) there is any such material adverse change in the general affairs, management, business, business, stockholders' equity or in the financial or trading position of the Company which in the reasonable opinion of the Placing Agent is materially adverse to the success of the Placing.

In the event that the Placing Agent terminates the Placing Agreement pursuant to the paragraph above, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement (save for clauses as specified in the Placing Agreement and any antecedent breaches thereto).

Mandate to issue new Shares

The Placing Shares will be issued pursuant to the General Mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the AGM held on 29 June 2016, which authorised the Directors to allot and issue up to 494,232,500 Shares (representing

20% of the then issued share capital of the Company as at the date of the AGM). As the Placing Shares will be issued under the General Mandate, the Placing is not subject to the Shareholders' approval.

The General Mandate has not been utilised prior to entering into the Placing Agreement.

II. EFFECT OF THE PLACING ON SHAREHOLDING STRUCTURE

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the shareholding structure of the Company as at the date of this announcement and immediately after the 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) is summarised as follows:

	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Keyne Holdings Limited (Note 1)	642,488,592	26.00%	642,488,592	21.67%
China U-ton Holdings Limited (Note 2)	332,284,073	13.45%	332,284,073	11.21%
Public Shareholders				
Placees	–	–	494,232,500	16.67%
Other public Shareholders	<u>1,496,389,839</u>	<u>60.55%</u>	<u>1,496,389,839</u>	<u>50.45%</u>
Total	<u><u>2,471,162,504</u></u>	<u><u>100%</u></u>	<u><u>2,965,395,004</u></u>	<u><u>100.00%</u></u>

Notes:

- (1) Mr. Zhu Boheng is the sole shareholder of Keyne Holdings Limited, he is therefore deemed to be interested in all the Shares held by Keyne Holdings Limited for the purpose of the SFO.
- (2) Approximately 34.13% of the entire issued share capital of China U-ton Holdings Limited is owned by Bright Warm Limited which is beneficially owned by Mr. Jiang Changqing. As such, each of Mr. Jiang Changqing and Bright Warm Limited is deemed to be interested in all the Shares held by China U-ton Holdings Limited for the purpose of the SFO. Ms. Guo Aru is the spouse of Mr. Jiang Changqing, and is deemed to be interested in all the Shares in which Mr. Jiang Changqing has, or is deemed to have, an interest for the purpose of the SFO.

III. REASONS FOR THE PLACING AND USE OF PROCEEDS

Assuming 494,232,500 Placing Shares have been placed, the gross proceeds from the Placing will amount to approximately HK\$118.62 million and the net proceeds from the Placing, after deduction of commission and other expenses of the Placing, will amount to approximately HK\$115.99 million. It is intended that the net proceeds will be used for i) approximately

HK\$15.50 million to repay interest expense for the US\$20.00 million guaranteed secured notes due January 2018; ii) approximately HK\$27.00 million to repay the loans from a shareholder, Keyne Holdings Limited; and iii) the remaining net proceeds of approximately HK\$73.49 million for any potential investments in the future and general working capital of the Group.

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 consider the terms and conditions of the Placing Agreement including the Placing Price and the placing commission, which have been negotiated on an arm's length basis in accordance with normal commercial terms, are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

IV. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

V. APPLICATION FOR LISTING

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

Completion of the Placing is subject to fulfilment of the condition and the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

VI. DEFINITIONS

“AGM”	the annual general meeting of the Company held on 29 June 2016
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays and public or statutory holidays in Hong Kong) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“Company”	Nine Express Limited (九號運通有限公司), a company incorporated with limited liability under the laws of Bermuda the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 29 June 2016, authorizing the Directors to allot and issue Shares up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual, corporate, institutional investor or other investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations set out in the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Riches Depot Securities Co., Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on Type 1 (dealing in securities) regulated activity
“Placing Agreement”	the placing agreement dated 23 June 2017 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.24 per Placing Share
“Placing Shares”	up to 494,232,500 new Shares to be placed under the Placing
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“trading day”	has the meaning ascribed to it in the Listing Rules
“%”	per cent.

By Order of the Board
Nine Express Limited
XIANG JUNJIE
Chief Executive Officer

Hong Kong, 23 June 2017

As at the date of this announcement, the Board comprises ten Directors. The executive Directors are Mr. Wan Peizhong (Chairman), Mr. Xiang Junjie (Chief Executive Officer), Mr. Tai Yat Chung, Mr. Ji Jianguo, Ms. Qian Ling Ling and Mr. Zhang 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.