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NINE EXPRESS LIMITED

九號運通有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 00009)

NON-FULFILLMENT OF PROFIT GUARANTEE UNDER THE FORMAL SP AGREEMENT IN RESPECT OF ACQUISITION OF 49% OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

References are made to (i) the announcement of Nine Express Limited (the “**Company**”) dated 16 November 2015 (the “**Announcement**”) in relation to the proposed acquisition of 49% of the entire issued share capital of Ever-Grand Development Limited (the “**Acquisition**”) pursuant to the formal sale and purchase agreement dated 16 November 2015 (the “**Formal SP Agreement**”) entered into among the Company as purchaser, Sky-Linked International Limited as vendor and Mr. Cheng Ngok Fai and Mr. Li Ruiguang as guarantors, (ii) the announcement of the Company dated 17 February 2016 in relation to, among others, the supplemental agreement to the Formal SP Agreement, and (iii) the circular of the Company dated 3 March 2016 (the “**Circular**”) in relation to, among other, the Acquisition. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

PROFIT GUARANTEE

As disclosed in the Announcement and the Circular, the Warrantors, jointly and severally, unconditionally and irrevocably guarantee to the Company that the Target Net Profit for the relevant year shall not be less than the following amounts (each, the “**Guaranteed Amount**”):

Relevant year	Guaranteed consolidated audited profit after tax
1 January 2016 to 31 December 2016	HK\$24,500,000
1 January 2017 to 31 December 2017	HK\$53,900,000
1 January 2018 to 31 December 2018	HK\$112,700,000

According to the consolidated audited account of the Target Group for the year ended 31 December 2016 (the “**FY2016**”) received by the Company, the Target Net Profit for FY2016 is approximately HK\$269,000, which falls below the Guaranteed Amount for FY2016. The shortfall between the Guaranteed Amount for FY2016 and the Target Net Profit for FY2016 is approximately HK\$24,231,000 (the “**Amount in Difference**”).

Pursuant to the Formal SP Agreement, in respect of the non-fulfillment of the profit guarantee for FY2016, the Vendor shall on 31 May 2017 pay to the Company an amount equal to the Amount in Difference. If the Vendor fails to pay to the Company the Amount in Difference on or before 31 May 2017, the Company shall be entitled to set-off the Amount in Difference by cancelling the same principal amount of Convertible Notes from those held in escrow for FY2016. The Company shall return to the Vendor the remaining Convertible Notes held in escrow for FY2016 within 5 Business Days after such cancellation. The Group will follow the Formal SP Agreement to deal with the non-fulfillment of the profit guarantee for FY2016 (the “**Decision**”), because the Guaranteed Amounts and the related compensation mechanism were arrived at after arm’s length negotiations between the parties of the Acquisition, which can provide reasonable compensation to the Group in the event of any non-fulfillment of the profit guarantee. The Directors (including independent non-executive Directors) are of the opinion that the Decision is fair and reasonable and in the interests of the Shareholders as a whole.

As at the date of this announcement, the Company is holding in escrow part of the Convertible Notes, amounting to a principal amount of HK\$191,100,000, HK\$24,500,000 of which is for the performance of the profit guarantee for FY2016.

As the principal amount of Convertible Notes deposited by the Vendor to the Company is sufficient for the set-off of the Amount in Difference, the Directors (including independent non-executive Directors) are of the opinion that the Warrantors have fulfilled their obligations in accordance with the Formal SP Agreement in relation to the non-fulfillment of the profit guarantee for FY2016.

By Order of the Board
Nine Express Limited
WAN PEIZHONG
Chairman

Hong Kong, 10 April 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.