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**FRESH EXPRESS DELIVERY HOLDINGS GROUP CO., LTD**

**鮮馳達控股集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code : 1175)**

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

**Placing Agent**

**東方證券(香港)**

**ORIENT SECURITIES (HONG KONG)**

On 25 November 2016 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place up to 218,820,000 Placing Shares through the Placing Agent on a best effort basis, at a price of HK\$0.41 per Placing Share to not less than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons.

A maximum of 218,820,000 Placing Shares under the Placing represent (i) approximately 19.9999% of the existing share capital of the Company of 1,094,107,188 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company of 1,312,927,188 Shares as enlarged by the allotment and issue of the Placing Shares, assuming no further change in the share capital structure of the Company from the date of this announcement and up to the Completion. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$2,188,200.00.

The Placing Price of HK\$0.41 per Placing Share represents (i) a discount of approximately 14.58% over the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a discount of approximately 19.13% to the average closing price of approximately HK\$0.507 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of this announcement.

Completion is conditional upon the following condition being fulfilled on or before the Long Stop Date:

- the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds and net proceeds from the Placing will be approximately HK\$89.72 million and HK\$88.50 million, respectively. The net proceeds from the Placing will be used for general working capital of the Group.

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolutions of the Shareholders passed at the AGM.

**Shareholders and potential investors should note that the Completion is subject to fulfilment of condition under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **THE PLACING**

### **The placing agreement**

#### ***Date***

25 November 2016 (after trading hours)

#### ***Issuer***

The Company

#### ***Placing Agent***

Orient Securities (Hong Kong) Limited

The Placing Agent has conditionally agreed to place up to 218,820,000 Placing Shares on a best effort basis and will receive a placing commission of 1% of the amount that is equal to the Placing Price multiplied by the number of Placing Shares successfully placed by the Placing Agent on behalf of the Company. Such commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to prevailing market rate. The Directors are of the view that the placing commission of 1% is fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### ***Placees***

The Placing Agent will place the Placing Shares, on a best effort basis, to not less than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the Placing Price of HK\$0.41 per Placing Share payable by cash. It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Completion.

### ***Number of Placing Shares***

A maximum of 218,820,000 Placing Shares under the Placing representing (i) approximately 19.9999% of the existing share capital of the Company of 1,094,107,188 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company of 1,312,927,188 Shares as enlarged by the allotment and issue of the Placing Shares, assuming no further change in the share capital structure of the Company from the date of this announcement and up to the Completion. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$2,188,200.00.

### ***Placing Price***

The Placing Price of HK\$0.41 per Placing Share represents (i) a discount of approximately 14.58% over the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a discount of approximately 19.13% to the average closing price of approximately HK\$0.507 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of this announcement.

The net placing price under the Placing is approximately HK\$0.404 per Placing Share. The Directors consider that the Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agent with reference to current market price of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Ranking of Placing Shares***

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

### ***General Mandate***

The Placing Shares will be issued under the General Mandate to allot, issue and deal with new Shares granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 218,821,437 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate and will utilize up to approximately 99.9993% upon full Placing of the Placing Shares.

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

### ***Condition of the Placing***

Completion is conditional upon the following condition being fulfilled on or before the Long Stop Date:

- the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

If the foregoing condition is not satisfied on or before 14 days from the date of the Placing Agreement, all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and neither party to the Placing Agreement shall have any claim against the other in relation to the Placing Agreement save for any antecedent breach thereof).

### ***Application for listing***

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

### ***Termination and force majeure events***

At any time between the date of the Placing Agreement and at or before 4:00 p.m. on the day immediately preceding the date of Completion, either the Company or the Placing Agent shall be entitled by notice to the other party to terminate the Placing Agreement with immediate effect, if in its opinion the success of success of the Placing, or the business or financial prospects of the Group would or is likely to be materially and adversely affected by the occurrence of:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of either party, materially and adversely affect the business or the financial or trading position or prospects of the Company; or
- (b) the occurrence of any local, national or international event or change occurring after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of either party, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any significant change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of either party make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (d) the other party commits any material breach of or omits to observe any of its obligations or undertakings under the Placing Agreement; or
- (e) either party shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any respect or would in any respect be untrue or inaccurate, or if repeated the said party shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

If a termination notice is given, the Placing Agreement shall be terminated, the obligations of the Placing Agent shall become cease and the Company shall not be liable to pay any commission under the Placing Agreement, and no party to the Placing Agreement shall have any claim against the other party for compensation, costs, damages or otherwise save in respect of any antecedent breach of any obligation by them under the Placing Agreement.

If the Placing Agreement is terminated, the Placing will not proceed.

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

### ***Completion***

Completion shall take place at any time within three Business Days after the fulfilment of the condition set out in the Placing Agreement or such other date as may be agreed between the Company and the Placing Agent in writing.

### ***Reasons for the Placing and use of proceeds***

The Group is engaged in cold chain food integrated distribution in the PRC.

As reported by the Chairman in the 2016 Annual Report, through the fast expansion of the Group's existing business, the cold chain food business had achieved significant growth in revenue. The cold chain logistic facilities and sales network of the Group were deployed efficiently, resulting in the rapid increase of market share. Due to the continuous increase in food raw material costs, rent and labor costs, the Group has discontinued the catering business, and turned to focus on the new cold chain business to expand into the nationwide market.

The maximum gross proceeds and net proceeds from the Placing will be approximately HK\$89.72 million and HK\$88.50 million, respectively. The net proceeds from the Placing will be used for general working capital of the Group.

The Directors are of the view that the Placing will provide a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

## Fund raising activity during the past 12 months

During the past twelve months immediately before the date of this announcement, the Company conducted the following equity fund raising activities:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
19 November 2015	Placing	Approximately HK\$96 million	General working capital	Utilised as intended
16 March 2016	Subscription and placing	Approximately HK\$240 million	To satisfy part or all of the considerations for the acquisition of Wuxi Meitong Food Technology Co., Ltd, with balance as general working capital	Utilised as intended

## Effect on shareholding structure of the Company

So far as is known to the Directors and for illustration purposes only, the shareholdings in the Company as at the date of this announcement and immediately after the Completion assuming all the Placing Shares are fully placed and there is no change in the share capital of the Company from the date of this announcement up to Completion (other than the allotment and issue of the Placing Shares) are and will be as follows:

	As at the date of this announcement		Immediately after the Completion	
	No. of Shares	Approx. %	No. of Shares	Approx. %
<b>Shareholders</b>				
Marvel Light Holdings Limited (Note 1)	328,115,352	29.99	328,115,352	24.99
Fortunate Gravity Hongkong Limited (Note 2)	217,720,000	19.90	217,720,000	16.58
<b>Public Shareholders</b>				
Placees (Note 3)	–	–	218,820,000	16.67
Other public Shareholders	548,271,836	50.11	548,271,836	41.76
<b>Total</b>	<b>1,094,107,188</b>	<b>100.00</b>	<b>1,312,927,188</b>	<b>100.00</b>

### Notes:

- Marvel Light Holdings Limited is wholly-owned by Bomao Holdings Limited, which in turn is wholly-owned by Harvest (Overseas) Investment Limited, which in turn is wholly-owned by 安徽豐收投資有限公司 (Anhui Harvest Investment Company Limited\*), which in turn is owned as to 40% by 安徽省創業投資有限公司 (Anhui Province Venture Investment Ltd\*) (which is wholly-owned by 安徽省投資集團控股有限公司 (Anhui Province Investment Group Co. Ltd\*)).
- Fortunate Gravity Hongkong Limited is wholly owned as to as to 90% by Queen's Central Hongkong Holdings Limited and as to 10% by Theone Holdings Limited. Queen's Central Hongkong Holdings Limited is wholly owned by 無錫網行網路科技有限公司, which is in turn owned as to 99% by Mr Zhu Wei and as to 1% by Ms 黃霞, the spouse of Mr Zhu Wei.
- Assuming no other issue of new Shares and no repurchase of existing Shares before the Completion, and the Placing Agent has placed the maximum number of the Placing Shares, being 218,820,000 new Shares.

## GENERAL

Shareholders and potential investors should note that the Completion is subject to fulfilment of the condition under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

## DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 29 September 2016 at which, among others, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of directors of the Company
“Business Day”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong
“Company”	Fresh Express Delivery Holdings Group Co., Ltd, a company incorporated in the Cayman Islands with limited liability, with its Shares listed on the Main Board of the Stock Exchange (Stock Code: 1175)
“Completion”	completion of the Placing in accordance with the terms and condition as set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other thing, to allot, issue and deal up to 20% (being 218,821,437 Shares) of the number of issued shares of the Company on the date of the resolution approving the grant of the general mandate (being 1,094,107,188 Shares), which has not been used before the date of this announcement

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	9 December 2016 (or such later date as the Company and the Placing Agent may agree in writing)
“Placee(s)”	any investor who is either an individual, professional or an institutional investor and is independent of and not connected with the Company, directors, chief executive, substantial shareholders of the Company and its subsidiaries or any of their respective associates, procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agent to the Placees on the terms and subject to the condition set out in the Placing Agreement
“Placing Agent”	Orient Securities (Hong Kong) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 25 November 2016 in respect of the Placing
“Placing Price”	HK\$0.41 per Placing Share
“Placing Shares”	a maximum of 218,820,000 new Shares to be issued pursuant to the Placing Agreement
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the 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.

For and on behalf of  
**FRESH EXPRESS DELIVERY HOLDINGS GROUP CO., LTD**  
**Pan Junfeng**  
*Chairman and Executive Director*

Hong Kong, 25 November 2016

*As at the date of this announcement, the Board comprises Mr Pan Junfeng, Mr Tang Dacong and Mr Chung Yuk Lun as executive Directors, and Dr Leung Hoi Ming, Mr Mak Ka Wing, Patrick, Mr Sung Wing Sum and Ms Hui Wai Man Shirley as independent non-executive Directors.*

\* *For identification purpose only*