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XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code 185)

POSSIBLE MAJOR TRANSACTION AND RESUMPTION OF TRADING

The Board would like to announce that on 28 June 2010, the Company entered into the Agreement with SingXpress and ACT, pursuant to which, SingXpress and ACT agreed to jointly establish the JV Company to carry out the Project and if SingXpress is unable to go ahead with the Project for any reason, the Company has agreed to stand behind the transaction and will assume all the rights and obligations in the JV Company in respect of the Project from SingXpress.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the formation of the JV Company and the Acquisition are greater than 25% but less than 100%, the formation of the JV Company and the Acquisition will constitute a major transaction for the Company under Chapter 14 of the Listing Rules and consequently are subject to notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Written approval of the execution and performance of the Agreement and the transactions thereby contemplated was on 2 July 2010 obtained from a Closely Allied Group of Shareholders who together holding approximately 63.25% of the current issued share capital of the Company. As no shareholders of the Company are required to abstain from voting at a general meeting to approve the Agreement and the transactions thereby contemplated, the written approval of the Closely Allied Group of Shareholders has been accepted under the Listing Rules in lieu of a majority vote at a general meeting of the Company to approve the Agreement and the transactions thereby contemplated.

A circular containing, among others things, details of the Agreement, the transactions as contemplated under the Agreement (including the formation of the JV Company and the Acquisition); and other disclosure requirements under the Listing Rules will be dispatched to the Shareholders on or before 4 October 2010.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 30 June 2010 pending the release of this announcement.

Application has been made to the Stock Exchange for the resumption in trading of the shares of the Company on the Stock Exchange with effect from 9:30 a.m. on 5 July 2010.

INTRODUCTION

The Board would like to announce that on 28 June 2010, the Company entered into the Agreement with SingXpress and ACT, pursuant to which, SingXpress and ACT agreed to jointly establish the JV Company to carry out the Project and if SingXpress is unable to go ahead with the Project for any reason, the Company has agreed to stand behind the transaction and will assume all the rights and obligations in the JV Company in respect of the Project from SingXpress.

AGREEMENT

Date of Agreement

28 June 2010

Parties to the Agreement

- (a) the Company;
- (b) SingXpress; and
- (c) ACT

As at the date of this announcement, to the best of knowledge, information and belief of the Directors having made all reasonable enquiries, ACT is third party independent of and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates as defined in the Listing Rules.

As at the date of this announcement, XCL has interest in 90,530,000 Shares representing about 33.3% of the existing issued share capital of SingXpress and is accounted for as an associate company of the Group. To the best of the directors' knowledge, information and belief having made all reasonable enquiry, SingXpress is third party independent of and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates as defined in the Listing Rules.

On 29 June 2010, SingXpress together with ACT have made a successful tender for the Properties at a price of S\$21,200,000. SingXpress and its joint venture partner, ACT have agreed to establish a JV Company which shall be owned 80% by SingXpress and 20% by ACT for the purpose of holding and re-developing the Properties. Brief details of the JV Company are as follows:

(I) Parties to the JV Company:

1. SingXpress; and
2. ASHPL, a wholly-owned subsidiary of ACT

To the best of the Directors' information, knowledge and belief (upon making reasonable enquiries), ASHPL and ACT and their respective ultimate beneficial owners are independent third parties and are not connected persons of the Company.

(II) Key information on the JV Company:

Purpose of the JV Company

The JV Company will be formed for the principal purpose of owning and redeveloping the Properties.

The Properties is an existing block of 21 units of walk-up apartments covering a total site area of approximately 3,173 square meter. The permissible total gross floor area for construction is approximately 4,292 square meter for residential use.

It is intended that the Properties will be redeveloped into not more than 21 Cluster terrace housing units.

Formation and ownership of the JV Company

The JV Company will allot 800,000 shares to SingXpress and 200,000 shares to ASHPL. The JV Company will be owned as to 80% by SingXpress and as to 20% by ASHPL.

The board of directors of the JV Company will comprise of six directors, two of whom will be nominated by ASHPL and four of whom will be nominated by SingXpress.

Financing of the JV Company

SingXpress and ASHPL will provide an initial funding (by way of equity and shareholders' loans) to the JV Company for an aggregate amount of S\$7,000,000 (approximately HK\$38,850,000) according to their respective interests in the JV Company. The balance of the funding required by the JV Company for the Project may be financed by way of shareholders' loans on a several and pro-rata basis, by reference to the respective interests in the JV Company held by SingXpress and ASHPL and project financing as deemed appropriate by the board of the JV Company from time to time.

Profit Sharing

SingXpress and ASHPL have agreed that any profit derived from the redevelopment of the Properties will be apportioned between SingXpress and ASHPL on a pro-rata basis, by reference to their respective interests in the JV Company.

(III) Commitment of the Group under the JV Company

The total commitment of the JV Company for the Acquisition and redevelopment of the Properties will be approximately S\$41,000,000 (approximately HK\$227,550,000). This comprises the purchase consideration for the Acquisition of approximately S\$21,200,000 (approximately HK\$117,660,000) (subject to minor adjustments under on certain closing conditions), the construction cost for the Properties, which is presently estimated to be approximately S\$14,800,000 (approximately HK\$82,140,000), and other costs of approximately \$5,000,000 (approximately HK\$27,750,000). On this basis, the estimated pro-rata commitment of SingXpress for the Project is S\$32,800,000 (approximately HK\$182,040,000). The tender price of S\$21,200,000 (approximately HK\$117,660,000) for the Acquisition was submitted after taking into consideration the recent transacted prices of new cluster terrace homes in the vicinity, such as Cerelia Vista, which were sold earlier this year at prices of between S\$2,100,000 (approximately HK\$11,655,000) and S\$2,400,000 (approximately HK\$13,320,000) each. The Acquisition is expected to be completed by the first quarter of 2011.

The Acquisition constitutes a very substantial acquisition of SingXpress pursuant to the Singapore listing rules, therefore it is subject to approval by the shareholders of SingXpress at the extraordinary general meeting and the approval cannot be ascertain when SingXpress submitted the tender. The Directors consider that the inclusion of the Company as a party in the Agreement would give SingXpress and the Group greater flexibility in the Acquisition and will enable SingXpress and/or the Group to participate in property development in Singapore.

If SingXpress is unable to go ahead with the Acquisition for any reason, the Company will assume all the rights and obligations in the JV Company in respect of the Project from SingXpress. The Company may finance its portion of the funding requirements by internal resources, corporate banking facilities and project financing or from other sources as deemed appropriate by the Board from time to time.

Information of ACT and ASHPL

ASHPL is a wholly-owned subsidiary of ACT Holdings Pte Ltd and is a property development and investment company focused on developing luxury residential properties in Singapore. Previously, ASHPL has successfully developed the Ventana, comprising 39 units of apartments on Pasir Panjang Hill, and 3 seaview bungalows on Sentosa Cove. The principal subsidiaries of ACT are mainly engaged in property development and investment in the USA and Singapore.

Information of SingXpress

SingXpress is engaged in securities investments and property investment and property trading business. As at the date of this announcement, XCL has interest in 90,530,000 Shares representing about 33.3% of the existing issued share capital of SingXpress and is accounted for as an associate company of the Group.

REASONS FOR THE FORMATION OF THE JV COMPANY

The Group is engaged in property investment, financial services and securities investments, including corporate finance, consumer finance and hotel operation.

The Acquisition of the Properties is in line with the current property related activities of SingXpress and the Group. The Directors are optimistic about the property market in Singapore, especially the luxury residential sector. The Board believes that the Acquisition of the interest in the Properties through the JV Company will not only enhance SingXpress' asset portfolio but also strengthen the position of SingXpress in the luxury residential market in Singapore and it is believed that the Group will be benefit from this business opportunity of SingXpress. Should SingXpress is unable to go ahead with the Acquisition for any reason, the Company will participate directly in the Project to enhance the Group's asset portfolio and strengthen the position of the Group in the luxury residential market in Singapore.

The Directors consider that the terms of the JV Company are on normal commercial terms, and are fair and reasonable so far as the Company and the Shareholders are concerned, and that the term of the Agreement is in the interest of the Company and the Shareholders as a whole.

GENERAL

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the formation of the JV Company and the Acquisition are greater than 25% but less than 100%, the formation of the JV Company and the Acquisition will constitute a major transaction for the Company under Chapter 14 of the Listing Rules and consequently are subject to notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Written approval of the execution and performance of the Agreement and the transactions thereby contemplated was on 2 July 2010 obtained from a Closely Allied Group of Shareholders who together holding approximately 63.25% of the current issued share capital of the Company. As no shareholders of the Company are required to abstain from voting at a general meeting to approve the Agreement and the transactions thereby contemplated, the written approval of the Closely Allied Group of Shareholders has been accepted under the Listing Rules in lieu of a majority vote at a general meeting of the Company to approve the Agreement and the transactions thereby contemplated.

A circular containing, among others things, details of the Agreement, the transactions as contemplated under the Agreement (including the formation of the JV Company and the Acquisition); and other disclosure requirements under the Listing Rules will be dispatched to the Shareholders on or before 4 October 2010 as the Company expects it would take approximately 3 months for the preparation and finalization of the Circular including, among others, to compile indebtedness statement, working capital statement of the Group and obtain the valuation of the Properties.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 30 June 2010 pending the release of this announcement.

Application has been made to the Stock Exchange for the resumption in trading of the shares of the Company on the Stock Exchange with effect from 9:30 a.m. on 5 July 2010.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

- “Acquisition” : The successful tender for the acquisition of the Properties by SingXpress and ACT
- “ACT” : ACT Holdings Pte Ltd, a company established under the laws of Singapore
- “Agreement” : The term sheet date 28 June 2010 entered into by the Company, SingXpress and ACT relating to, inter alia, the establishment of the JV Company upon successful tender for the acquisition of the Properties
- “ASHPL” : ACT Seaview Homes Pte Ltd, a company established under the laws of Singapore
- “associate” : has the meaning defined in Chapter 1 of the Listing Rules
- “Board” : the board of Directors
- “Closely Allied Group of Shareholders” : (1) Prime Star Group Co. Ltd, wholly owned by Ms. Chan Yoke Keow (being a director of the Company), is a beneficiary of 585,800,065 shares (22.18%) of the Company;

- (2) Mr. Chan Heng Fai (the spouse of Ms. Chan Yoke Keow, being a director of the Company) owns 1,039,395,486 shares (39.36%) of the Company; and
- (3) Ms. Chan Yoke Keow (the spouse of Mr. Chan Heng Fai) owns 45,279,741 shares (1.71%) of the Company.
- “Company” : Xpress Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
- “Director(s)” : the director(s) of the Company
- “Group” : the Company and its subsidiaries from time to time
- “Hong Kong” : the Hong Kong Special Administrative Region of the People’s Republic of China
- “JV Company” : A joint venture company established under the laws of Singapore and to be formed by SingXpress and ACT pursuant to the Agreement, which shall own and redevelop the Properties
- “Listing Rules” : Rules Governing the Listing of Securities on the Stock Exchange
- “Project” : the project of owning and redeveloping the Properties
- “Properties” : the existing block of 21 units of walk-up apartments located in Foh Pin Mansion at Charlton Road, Singapore
- “SGX-ST” : Singapore Exchange Securities Trading Limited
- “Share(s)” : share(s) in the share capital of the SingXpress
- “Shareholder(s)” : shareholder(s) of the Company
- “SingXpress” : SingXpress Ltd, a company incorporated in Singapore with limited liability, the shares of which are listed on the SGX-ST
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “XCL” : Xpress Credit Limited, an indirect wholly owned subsidiary of the Company

“HK\$” : Hong Kong dollar(s), the lawful currency of Hong Kong
“S\$” : Singapore dollars, the lawful currency of Singapore
“%” : per cent.

By Order of the Board
Xpress Group Limited
Chan Tong Wan
Managing Director

Hong Kong SAR, 2 July 2010

As at the date of this announcement, the Board comprises of the executive directors Mr. Chan Heng Fai, Mr. Chan Tong Wan, Ms. Chan Yoke Keow and non-executive director Mr. Fong Kwok Jen as well as independent non-executive directors Mr. Wong Dor Luk, Peter, Mr. Joao Paulo Da Roza and Mr. Wong Tat Keung.