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## XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code 185)

### ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2010

#### RESULTS

The Board of Directors (the “Board”) of Xpress Group Limited (the “Company”) announced the consolidated results of the Company and its subsidiaries (together referred to as the “Group”) for the year ended 31 March 2010 together with the comparative figures of the previous year as follows:

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	<i>Notes</i>	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
<b>CONTINUING OPERATIONS</b>			
Revenue	2	<b>77,013</b>	93,399
Cost of sales		<b>(9,022)</b>	(17,250)
Gross profit		<b>67,991</b>	76,149
Other operating income		<b>22,832</b>	6,891
Gain (loss) on disposal of financial assets at fair value through profit or loss		<b>21,552</b>	(970)
Fair value gain (loss) on financial assets at fair value through profit or loss		<b>15,193</b>	(27,052)
Fair value gain (loss) on revaluation of investment properties, net		<b>190,083</b>	(12,277)
Reversal of impairment loss on trade receivables		–	1,551
Impairment loss on trade receivables		<b>(21)</b>	–
Administrative expenses		<b>(88,629)</b>	(142,429)
Impairment loss on available-for-sale financial assets		–	(8,140)
Impairment loss on interest in an associate		–	(3,600)

	<i>Notes</i>	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
<b>Profit (loss) from operations</b>		<b>229,001</b>	(109,877)
Finance costs		(4,431)	(5,726)
Share of results of associates		(2,047)	(10,595)
		<hr/>	<hr/>
<b>Profit (loss) before income tax</b>	3	<b>222,523</b>	(126,198)
Income tax expenses	4	(31,549)	(208)
		<hr/>	<hr/>
<b>Profit (loss) for the year from continuing operations</b>		<b>190,974</b>	(126,406)
<b>DISCONTINUED OPERATION</b>			
Profit for the year from discontinued operation	5	–	14,819
		<hr/>	<hr/>
<b>Profit (loss) for the year</b>		<b>190,974</b>	(111,587)
		<hr/>	<hr/>
Attributable to:			
Owners of the Company		<b>191,005</b>	(111,587)
Non-controlling interests		(31)	–
		<hr/>	<hr/>
		<b>190,974</b>	(111,587)
		<hr/>	<hr/>
<b>Earnings (loss) per share for profit (loss) attributable to the owners of the Company during the year</b>	6		
<b>From continuing and discontinued operations</b>			
Basic		<b>8.62 cents</b>	(6.12) cents
Diluted		<b>8.59 cents</b>	N/A
		<hr/>	<hr/>
<b>From continuing operations</b>			
Basic		<b>8.62 cents</b>	(6.94) cents
Diluted		<b>8.59 cents</b>	N/A
		<hr/>	<hr/>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
<b>Profit (loss) for the year</b>	<u>190,974</u>	<u>(111,587)</u>
<b>Other comprehensive income (loss)</b>		
Exchange fluctuation reserve:		
Share of other comprehensive income of associates	2,140	(2,499)
Exchange differences on translating foreign operations	24,974	(17,740)
Fair value change on available-for-sale financial assets	<u>–</u>	<u>(15,004)</u>
<b>Other comprehensive income (loss) for the year</b>	<u>27,114</u>	<u>(35,243)</u>
<b>Total comprehensive income (loss) for the year</b>	<u>218,088</u>	<u>(146,830)</u>
<b>Total comprehensive income (loss) attributable to:</b>		
Owners of the Company	218,119	(146,830)
Non-controlling interests	<u>(31)</u>	<u>–</u>
	<u>218,088</u>	<u>(146,830)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	<i>Notes</i>	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>52,081</b>	61,783
Prepaid lease payments		<b>22,907</b>	19,162
Investment properties		<b>742,501</b>	250,506
Interests in associates		<b>9,110</b>	8,306
Long term deposits		–	14,095
Available-for-sale financial assets		<b>1,462</b>	12,178
Goodwill		<b>10,544</b>	10,544
Loan receivables		–	736
		<b>838,605</b>	377,310
<b>Current assets</b>			
Inventories		<b>409</b>	491
Trade and other receivables, deposits and prepayments	7	<b>15,979</b>	22,426
Loan receivables		<b>926</b>	6,511
Financial assets at fair value through profit or loss		<b>136,117</b>	102,885
Amounts due from associates		<b>9,528</b>	7,648
Pledged bank deposits		<b>3,413</b>	3,973
Bank balances and cash		<b>133,846</b>	56,828
		<b>300,218</b>	200,762
<b>Current liabilities</b>			
Trade and other payables and accruals	8	<b>101,160</b>	38,514
Bank overdraft		<b>8,274</b>	–
Borrowings		<b>87,961</b>	11,118
Convertible debentures		–	–
Tax payables		<b>18,838</b>	15,421
Amounts due to associates		<b>10</b>	1,387
		<b>216,243</b>	66,440
<b>Net current assets</b>		<b>83,975</b>	134,322
<b>Total assets less current liabilities</b>		<b>922,580</b>	511,632

	<i>Notes</i>	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Borrowings		<b>87,601</b>	62,942
Deferred taxation		<b>62,300</b>	20,955
		<u><b>149,901</b></u>	<u>83,897</u>
<b>Net assets</b>		<u><b>772,679</b></u>	<u>427,735</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>26,408</b>	18,371
Reserves		<b>746,271</b>	409,333
		<u><b>772,679</b></u>	<u>427,704</u>
<b>Equity attributable to owners of the Company</b>		<b>772,679</b>	427,704
<b>Non-controlling interests</b>		<u>–</u>	<u>31</u>
<b>Total equity</b>		<u><b>772,679</b></u>	<u>427,735</u>

Notes:

## 1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). A summary of the significant accounting policies adopted by the Group is set out in the annual report.

The HKICPA has issued certain new and revised HKFRSs and Improvements to HKFRSs 2009 that are first effective or available for early adoption for the current accounting period of the Group and the Company. There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

## 2. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group’s turnover, represents total invoiced value of goods supplied and income from provision of services.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's reportable segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other reportable segments. Details of the reportable segments are summarised as follows:

Financing operations	– provide financing to individuals and acquiring services for members
Securities trading and investment	– trading of securities
Treasury investment	– asset management and cash operations
Property investment	– letting properties
Hotel operations	– hotel operations in Japan

For the travel related operations, this segment was discontinued during the year ended 31 March 2009. Further details of discontinued operation under the travel related operations reportable segment are set out in Note 5.

An analysis of the Group's revenue, contribution to the results from operations for the year ended 31 March 2010 and 2009 and certain assets, liabilities and expenditure information regarding reportable segments are as follows:

### Segment revenue and results

For the year ended 31 March 2010

	Continuing operations						Discontinued operation		Total HK\$'000
	Financing operations HK\$'000	Securities trading and investment HK\$'000	Treasury investment HK\$'000	Property investment HK\$'000	Hotel operations HK\$'000	Elimination HK\$'000	Sub-total HK\$'000	Travel related operations HK\$'000	
Revenue									
– External sales	1,206	1,006	14,735	15,023	45,043	–	77,013	–	77,013
– Inter-segment sales	–	–	8,659	435	–	(9,094)	–	–	–
<b>Total</b>	<b>1,206</b>	<b>1,006</b>	<b>23,394</b>	<b>15,458</b>	<b>45,043</b>	<b>(9,094)</b>	<b>77,013</b>	<b>–</b>	<b>77,013</b>
Segment results	(2,744)	35,811	14,735	204,271	(4,220)	–	247,853	–	247,853
Unallocated corporate revenue							24,605	–	24,605
Unallocated corporate expenses							(43,457)	–	(43,457)
Finance costs							(4,431)	–	(4,431)
Unallocated share of results of associates							(2,047)	–	(2,047)
Profit before income tax							222,523	–	222,523
Income tax expenses							(31,549)	–	(31,549)
Profit for the year							190,974	–	190,974
Segment assets	1,431	137,579	6,255	742,736	47,358	–	935,359	–	935,359
Unallocated associates							9,110	–	9,110
Unallocated assets							194,354	–	194,354
Total assets							1,138,823	–	1,138,823
Segment liabilities	(247)	(356)	(9,628)	(287,879)	(14,921)	–	(313,031)	–	(313,031)
Unallocated liabilities							(53,113)	–	(53,113)
Total liabilities							(366,144)	–	(366,144)
Capital expenditure	–	–	–	158,952	549	–	159,501	–	159,501
Unallocated capital expenditure							264	–	264
Total capital expenditure							159,765	–	159,765
Depreciation	(615)	–	(388)	(1,619)	(1,884)	–	(4,506)	–	(4,506)
Amortisation of prepaid lease payments	–	–	–	(477)	–	–	(477)	–	(477)
Fair value gain on financial assets at fair value through profit or loss	–	15,193	–	–	–	–	15,193	–	15,193
Gain on disposal of financial assets at fair value through profit or loss	–	21,552	–	–	–	–	21,552	–	21,552
Impairment loss on loan receivables	(266)	–	–	–	–	–	(266)	–	(266)

For the year ended 31 March 2009

	Continuing operations						Discontinued operation		Total HK\$'000
	Financing operations HK\$'000	Securities trading and investment HK\$'000	Treasury investment HK\$'000	Property investment HK\$'000	Hotel operations HK\$'000	Elimination HK\$'000	Sub-total HK\$'000	Travel related operations HK\$'000	
Revenue									
– External sales	8,533	8,613	3,735	7,259	65,259	–	93,399	1,018,819	1,112,218
– Inter-segment sales	–	–	40,211	1,032	–	(41,243)	–	–	–
Total	<u>8,533</u>	<u>8,613</u>	<u>43,946</u>	<u>8,291</u>	<u>65,259</u>	<u>(41,243)</u>	<u>93,399</u>	<u>1,018,819</u>	<u>1,112,218</u>
Segment results	<u>(7,785)</u>	<u>(28,089)</u>	<u>3,735</u>	<u>(2,176)</u>	<u>(3,225)</u>	<u>–</u>	<u>(37,540)</u>	<u>(13,809)</u>	<u>(51,349)</u>
Unallocated corporate revenue							15,193	29	15,222
Unallocated corporate expenses							(83,930)	–	(83,930)
Finance costs							(5,726)	(1,162)	(6,888)
Unallocated share of results of associates							(10,595)	–	(10,595)
Gain on disposal of subsidiaries							–	30,320	30,320
Unallocated impairment loss on interest in an associate							(3,600)	–	(3,600)
(Loss) profit before income tax							(126,198)	15,378	(110,820)
Income tax expenses							(208)	(559)	(767)
(Loss) profit for the year							<u>(126,406)</u>	<u>14,819</u>	<u>(111,587)</u>
Segment assets	5,783	115,062	5,700	279,945	48,689	–	455,179	–	455,179
Unallocated associates							8,306	–	8,306
Unallocated assets							114,587	–	114,587
Total assets							<u>578,072</u>	<u>–</u>	<u>578,072</u>
Segment liabilities	(1,136)	–	(17,637)	(53,660)	(17,708)	–	(90,141)	–	(90,141)
Unallocated liabilities							(60,196)	–	(60,196)
Total liabilities							<u>(150,337)</u>	<u>–</u>	<u>(150,337)</u>
Capital expenditure	–	–	–	3,192	109	–	3,301	2,256	5,557
Unallocated capital expenditure							381	–	381
Total capital expenditure							<u>3,682</u>	<u>2,256</u>	<u>5,938</u>
Depreciation	(958)	–	(516)	(1,483)	(2,730)	–	(5,687)	(2,350)	(8,037)
Amortisation of prepaid lease payments	–	–	–	(655)	–	–	(655)	–	(655)
Fair value loss on financial assets at fair value through profit or loss	–	(27,052)	–	–	–	–	(27,052)	–	(27,052)
Loss on disposal of financial assets at fair value through profit or loss	–	(970)	–	–	–	–	(970)	–	(970)
Impairment loss on loan receivables	(163)	–	–	–	–	–	(163)	–	(163)
Impairment loss on available-for-sales financial assets	–	(8,140)	–	–	–	–	(8,140)	–	(8,140)



## Geographical information

The Group's operations are located in four (2009: four) main geographical areas. The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods and services.

	2010			2009		
	Continuing operations <i>HK\$'000</i>	Discontinued operation <i>HK\$'000</i>	Total <i>HK\$'000</i>	Continuing operations <i>HK\$'000</i>	Discontinued operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Hong Kong	16,443	–	16,443	21,748	–	21,748
North America	6,759	–	6,759	4,293	–	4,293
Singapore	8,768	–	8,768	2,098	497,953	500,051
Japan	45,043	–	45,043	65,260	520,866	586,126
	<b>77,013</b>	<b>–</b>	<b>77,013</b>	<b>93,399</b>	<b>1,018,819</b>	<b>1,112,218</b>

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by the geographical areas in which the assets are located.

## Segment assets

	2010			2009		
	Continuing operations <i>HK\$'000</i>	Discontinued operation <i>HK\$'000</i>	Total <i>HK\$'000</i>	Continuing operations <i>HK\$'000</i>	Discontinued operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Hong Kong	436,894	–	436,894	354,926	–	354,926
North America	30,249	–	30,249	62,068	–	62,068
Singapore	547,390	–	547,390	88,298	–	88,298
Japan	124,290	–	124,290	72,780	–	72,780
	<b>1,138,823</b>	<b>–</b>	<b>1,138,823</b>	<b>578,072</b>	<b>–</b>	<b>578,072</b>

## Capital expenditure

	2010			2009		
	Continuing operations <i>HK\$'000</i>	Discontinued operation <i>HK\$'000</i>	Total <i>HK\$'000</i>	Continuing operations <i>HK\$'000</i>	Discontinued operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Hong Kong	59,472	–	59,472	6	–	6
North America	–	–	–	–	–	–
Singapore	99,743	–	99,743	3,508	–	3,508
Japan	550	–	550	168	2,256	2,424
	<b>159,765</b>	<b>–</b>	<b>159,765</b>	<b>3,682</b>	<b>2,256</b>	<b>5,938</b>

## Information about major customers

For the year ended 31 March 2010, the aggregate amount of revenue attributable to the Group's five largest customers accounted for less than 30% of the Group's total revenue.

### 3. PROFIT (LOSS) BEFORE INCOME TAX

	Continuing operations		Discontinued operation		Total	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit (loss) before income tax is arrived at after charging (crediting):						
Operating lease charges on land and buildings	2,072	3,503	–	10,575	2,072	14,078
Depreciation	4,506	5,687	–	2,350	4,506	8,037
Amortisation of prepaid lease payments (included in administrative expenses)	477	655	–	–	477	655
Impairment loss on available-for-sales financial assets	–	8,140	–	–	–	8,140
Impairment loss on loan receivables	266	163	–	–	266	163
Impairment loss on trade receivables	21	–	–	–	21	–
Impairment loss on other receivables	1,538	16,353	–	55	1,538	16,408
Impairment loss on interest in an associate	–	3,600	–	–	–	3,600
Gain on disposal of property, plant and equipment	(290)	–	–	–	(290)	–
Auditor's remuneration						
– current year	600	600	–	–	600	600
– under-provision for previous year	–	515	–	–	–	515
	<u>600</u>	<u>1,115</u>	<u>–</u>	<u>–</u>	<u>600</u>	<u>1,115</u>
Staff costs including directors' emoluments	37,998	53,098	–	47,933	37,998	101,031
Exchange (gain) loss, net	(87)	6,211	–	13	(87)	6,224
Rental income from investment properties less outgoings of HK\$1,376,000 (2009: HK\$1,801,000)	<u>(13,647)</u>	<u>(8,944)</u>	<u>–</u>	<u>–</u>	<u>(13,647)</u>	<u>(8,944)</u>

### 4. INCOME TAX EXPENSES

	2010	2009
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Current tax		
– Hong Kong	(909)	1,832
– Overseas	166	315
Deferred tax	<u>32,292</u>	<u>(1,939)</u>
	<b>31,549</b>	208
<b>Discontinued operation</b>		
Current tax		
– Overseas	<u>–</u>	<u>559</u>
	<b>31,549</b>	767

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The income tax expenses can be reconciled to the profit (loss) from continuing and discontinued operations before income tax per the consolidated income statement as follows:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit (loss) before income tax		
– Continuing operations	<b>222,523</b>	(126,198)
– Discontinued operation	–	15,378
	<b>222,523</b>	(110,820)
Tax at Hong Kong profits tax rate of 16.5% (2009: 16.5%)	<b>36,716</b>	(18,285)
Tax effect of non-deductible expenses	<b>20,577</b>	23,560
Tax effect of non-taxable income	<b>(45,840)</b>	(13,191)
Tax effect of unused tax losses not recognised	<b>2,793</b>	26,271
Utilisation of tax losses previously not recognised	<b>(301)</b>	(167)
Overprovision in respect of prior year	<b>(228)</b>	–
Other temporary differences not recognised	–	56
Tax effect of share of losses of associates	<b>338</b>	1,748
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>17,494</b>	(19,225)
Income tax expenses	<b>31,549</b>	767

## 5. DISCONTINUED OPERATION

During the year ended 31 March 2009, resulting from the disposal of the subsidiaries which carried majority of the Group's travel related operation business, the Group ceased operation of its major travel related operation in order to focus the Group's resources in its remaining businesses. The profit for the year ended 31 March 2009 from the discontinued operation is analysed as follows:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit for the year from discontinued operation	–	14,819

The result of travel related operation business which have been included in the consolidated income statement was as follows:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Revenue	–	1,018,819
Cost of sales	–	(954,228)
Gross profit	–	64,591
Other operating income	–	6,554
Administrative expenses	–	(84,925)
Gain on disposal of subsidiaries	–	30,320
Profit from operations	–	16,540
Finance costs	–	(1,162)
Profit before income tax	–	15,378
Income tax expenses	–	(559)
Profit for the year from discontinued operation	–	14,819
<b>Cash flows from discontinued operation</b>		
Net cash flows used in operating activities	–	(8,860)
Net cash flows used in investing activities	–	(2,168)
Net cash flows from financing activities	–	22,886
Net increase in cash flows	–	11,858

## 6. EARNINGS (LOSS) PER SHARE FOR PROFIT (LOSS) ATTRIBUTABLE TO THE OWNER OF THE COMPANY DURING THE YEAR

### From continuing and discontinued operations

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK\$191,005,000 (2009: loss for the year attributable to owners of the Company of approximately HK\$111,587,000) and on the weighted average number of 2,215,439,000 (2009: 1,822,029,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK\$191,005,000 (2009: loss for the year attributable to owners of the Company of approximately HK\$111,587,000) and on the weighted average number of 2,222,382,000 (2009: 1,832,763,000) ordinary shares in issue during the year.

The calculation of basic and diluted earnings (loss) per share is based on the following data:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit (loss) for the year attributable to owners of the Company, used in the basic and diluted earnings (loss) per share calculation	<b>191,005</b>	(111,587)

## Number of shares

	<b>2010</b> <b>'000</b>	2009 <b>'000</b>
Weighted average number of ordinary shares for the purpose of the basic earnings (loss) per share	<b>2,215,439</b>	1,822,029
Effect of dilutive potential ordinary shares:		
Share options	<b>6,943</b>	1,228
Warrants	–	9,506
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<b><u>2,222,382</u></b>	<b><u>1,832,763</u></b>

## From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations attributable to owners of the Company is based on the following data:

	<b>2010</b> <b>HK\$'000</b>	2009 <b>HK\$'000</b>
Profit (loss) for the year attributable to owners of the Company, used in the basic and diluted earnings (loss) per share calculation	<b>191,005</b>	(111,587)
Less: Profit for the year from discontinued operation	–	14,819
	<hr/>	<hr/>
	<b><u>191,005</u></b>	<b><u>(126,406)</u></b>

The weighted average number of ordinary shares for the years ended 31 March 2010 and 2009 has stated as above.

## From discontinued operation

The calculation of basic and diluted earnings per share for the year ended 31 March 2009 for the discontinued operation is based on the profit for the year from discontinued operation of approximately HK\$14,819,000 and on the weighted average number of ordinary shares stated as above.

The computation of diluted earnings per share does not assume the exercise of the Company's options or warrants for the year ended 31 March 2009 because the exercise price of those options or warrants is higher than the average market price.

## 7. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade receivables	<b>17,794</b>	17,543
Less: Allowance for doubtful debts	<b>(10,021)</b>	(10,000)
	<b>7,773</b>	7,543
Other receivables, deposits and prepayments	<b>7,729</b>	14,353
Prepaid lease payments	<b>477</b>	530
	<b>15,979</b>	22,426

The directors of the Company considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity period on their inception.

The average credit terms granted by the Group to its trade customers are as follows:

Hotel operations	60 days
Financing operations	30 days

An aging analysis of the trade receivables as at the end of reporting period is as follows:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0 – 60 days	<b>2,250</b>	2,431
61 – 90 days	<b>89</b>	7
Over 90 days	<b>5,434</b>	5,105
	<b>7,773</b>	7,543

## 8. TRADE AND OTHER PAYABLES AND ACCRUALS

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade payables	<b>740</b>	27,191
Other payables and accrued expenses	<b>100,420</b>	11,323
	<b>101,160</b>	38,514

The Group was granted by its suppliers credit periods ranging from 30 to 60 days (2009: 30 to 60 days). An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0 – 60 days	<b>737</b>	27,191
61 – 90 days	<b>–</b>	–
Over 90 days	<b>3</b>	–
	<b>740</b>	27,191

## **DIVIDEND**

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2010 (2009: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 31 August 2010 to Thursday, 2 September 2010, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the annual general meeting, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's Share Registrar, Tricor Friendly Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 30 August 2010.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

The Group recorded a turnover of approximately HK\$77.0 million for the year ended 31 March 2010, representing a decrease of approximately 17.5% as compared to the year ended 31 March 2009. The decrease in turnover was mainly due to the decrease of the turnover of the hotels and hospitality division during the year and the closure of credit card division in last year. The profit attributable to owners of the Company for the year ended 31 March 2010 was approximately HK\$191.0 million as compared to the loss of approximately HK\$111.6 million in 2009.

The basic earnings per share for the year was HK8.62 cents when compared to the loss per share of HK6.12 cents in last year.

#### *a) Hotels and Hospitality Division*

The hotels and hospitality division operates through a number of subsidiaries including:

- Sapporo Holdings Co. Ltd. ("Sapporo")

Sapporo, a Japan company 100% acquired in July 2006, was established on 8 March 2004 for the purpose of operating investments, inns and hotels. Its principal asset is a hotel known as Hamilton Hotel located in Chuo Ward, Sapporo City, Japan.

Hamilton Hotel is an eight-storey building erected over a one-level basement. It comprises a total of 103 guestrooms of various types including a Japanese room, a meeting room, a haircut salon, a Japanese restaurant and esthetic saloon. The total gross floor area of Hamilton Hotel is approximately 3,209 square meters.

- Hotel Plaza Miyazaki Co. Ltd. (“Hotel Plaza Miyazaki”)

Hotel Plaza Miyazaki is located at Southern part of Japan Kyushu Island, Miyazaki City is the second largest city on Kyushu Island. It is one of the well-known hotels situated at the center of city, 10 minutes from Miyazaki Station along Oyodogawa riverside. The hotel has 164 rooms provides full service including 15 different size banquet rooms, 4 meeting rooms, a river view sky restaurant/lounge, 2 Japanese restaurants, 1 karaoke room, 1 bar and 1 lobby lounge. In addition, the hotel has a natural hot spring spa facility with in and out door hot spring bath, sauna and massage service open to staying guest and day use visitor.

- Kabushiki Kaisha Aizuya (“Aizuya”)

Aizuya is a traditional Japanese hot spring inn located at Nasu, Tochigi prefecture, a famous mountain resort area which is approximately 2 hours drive from Tokyo downtown. It has a total of 22 rooms including 2 rooms with hot spring open bath. It can accommodate over 60 guests at one time. Facilities include 2 large hot spring baths, 2 private hot spring open baths for staying guests exclusive use at charter base, 2 massage rooms serve female clients only, 1 restaurant serving dinner & breakfast and 1 souvenir shop including Aizuya private label items such as Sake, Soba (Japanese noodles), etc.

The turnover of the hotels and hospitality division in 2010 was approximately HK\$45.0 million, representing a decrease of 31.0% from last year. The segment loss was approximately HK\$4.2 million, up 30.9% from last year.

*b) Financing and Credit Card Division*

The Group closed its credit card division and focused on corporate and consumer finance in last year. However, as the corporate and consumer finance business in Hong Kong have been facing keen competition, the Group has reallocated its resources to property investment and securities investments. As a result, the turnover of the financing and credit card division in 2010 was approximately HK\$1.2 million, representing a decrease of 85.9% from last year. The segment loss was approximately HK\$2.7 million, down 64.8% from last year.

*c) Securities Trading*

During the year, the stock market rallied substantially driven by the liquidity caused by economic stimulation policies implemented by various governments and low interest rates. Benefited from the strong recovery of the stock market, the Group’s securities business contributed a profit of approximately HK\$35.8 million for 2010 compared to a loss of approximately HK\$28.1 million for 2009.



d) *Property Investments*

For the same result as above, the property market rallied substantially during the year. This division contributed revenues of approximately HK\$15.0 million and net profit of approximately HK\$204.3 million to the Group, including a fair value gain of approximately HK\$190.1 million compared to fair value loss of approximately HK\$12.3 million in 2009.

e) *Other Investments*

As at 31 March 2010, the Group held approximately 33% of SingXpress Ltd (“SingXpress”), a Singapore listed associate of the Group. During the year, the Group share of loss of approximately HK\$2.1 million from SingXpress.

As at 31 March 2010, the Group held approximately 30% in RSI International Systems Inc. (“RSI”), a Canada listed associate of the Group. During the year, the Group share a profit of approximately HK\$79,000 from RSI.

### **Liquidity and Capital Resources**

During the period, 1,430,359 units of 2009 Warrants and 133,376,200 options were exercised and approximately HK\$19.2 million was raised. At the end of the reporting period, the Company had outstanding 172,000,000 unlisted warrants. Exercise in full of such warrants would result in the issue of 172,000,000 additional shares of HK\$0.01 each. The open offer announced by the Group on 9 April 2009 gained support from the Group’s controlling shareholder, Mr. Chan Heng Fai, who agreed to underwrite the whole open offer. The open offer was heavily oversubscribed and about HK\$18.4 million in equity was raised in May 2009.

As at 31 March 2010, the equity attributable to owners of the Company was increased to approximately HK\$772.7 million (31 March 2009: HK\$427.7 million).

As at 31 March 2010, the Group had bank balance and cash amounted to approximately HK\$133.8 million (31 March 2009: HK\$56.8 million) mainly dominated in US dollars, Hong Kong dollars, Singapore dollars and Japanese Yen. The Group had borrowings of approximately HK\$183.8 million mainly dominated in Hong Kong dollars, Singapore dollars and Japanese Yen (31 March 2009: HK\$74.1 million). As at 31 March 2010, the Group’s current ratio was 1.4 (31 March 2009: 3.0) and had a gearing ratio of 4% (31 March 2009: 3%), defined as the ratio of total borrowing less cash balances to total assets.

### **Material Acquisitions and Disposals for Material Investments**

- (a) During the year, the Group entered into sale and purchase agreements to acquire two properties situated at Wyndham Place, Hong Kong for the consideration of HK\$24 million and approximately HK\$32.0 million respectively.
- (b) During the year, the Group entered into sale and purchase agreements to acquire two properties situated in Singapore for an aggregate consideration of S\$2.65 million.

- (c) During the year, the Group disposed its entire interests in Novena Holdings Limited, a Singapore based listed company known as a consumer lifestyle player in furniture and beauty products.
- (d) During the year, the Group entered into a sale and purchase agreement for the purchase of the 100% equity interest in Expats Residences Pte Ltd, a property investment company incorporated in Singapore, and the shareholder loan at an aggregate consideration of HK\$40.7 million which was satisfied by the issuance of approximately 301.5 million shares of the Company.
- (e) During the year, the Group entered into a sale and purchase agreement to dispose a property situated in Canada for an aggregate consideration of CAD3 million. The transaction was completed in April 2010.

### **Capital Expenditure and Commitments**

As at 31 March 2010, the Group had made capital commitment of HK\$ nil (31 March 2009: HK\$54.9 million) for acquisition of investment properties in Singapore contracted for but not provided in the financial statements. The Group did not make any capital commitment for acquisition of property, plant and equipment authorized but not contracted for as at 31 March 2010.

### **Foreign Exchange Exposure**

Substantially all the revenues, expenses, assets and liabilities are denominated in Hong Kong dollars, U.S. dollars, Canadian dollars, Japanese Yen and Singapore dollars. Due to the currency peg of the Hong Kong dollars to the U.S. dollars, the exchange rate between these two currencies has remained stable and thus no hedging or other alternatives have been implemented by the Group. Going forward, the Group may formulate a foreign currency hedging policy to provide a reasonable margin of safety in our exposure in Japanese Yen and Singapore dollars transaction, assets and liabilities.

### **Credit Risk Management**

The Group's credit policy defines the credit extension criteria, the credit approval and monitoring processes, and the loan provisioning policy. The Group maintains tight control on loan assessments and approvals and will continue to exercise a conservative and prudent policy in granting loans in order to maintain a quality loan portfolio and manage the credit risk exposure of the Group.

### **Human Resources**

Remuneration packages are generally structured by reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Apart from salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus. At the end of the reporting period, there were approximately 122 employees employed by the Group. Share options may also be granted to eligible employees and persons of the Group.

## **Pledge of Assets**

At the end of the reporting period, the Group's facilities of HK\$175.6 million were mainly secured by the investment properties, land and buildings and bank deposit of the Group with an aggregate carrying value of approximately HK\$800.8 million.

## **OUTLOOK**

The Company expects to continue facing significant challenges in the near future in view of risks which remain in the year ahead, as the recovery has been uneven globally. The impact of the potential withdrawal of government stimuli will also add uncertainties to the environment that we operate. The Group will continue to adopt a risk-conscious approach towards managing its property and securities portfolios and continue to implement cost control measures and margin management.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry of all the Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the accounting period covered by the annual results.

## **AUDIT COMMITTEE**

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The consolidated financial statements of the Group for the year ended 31 March 2010 have been reviewed by the committee.

## **SCOPE OF WORK OF AUDITORS**

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes for the year ended 31 March 2010 as set out in the preliminary announcement have been agreed by the Group's auditors, Lo and Kwong C.P.A Company Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2010. The work performed by Lo and Kwong C.P.A Company Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Lo and Kwong C.P.A Company Limited on the preliminary announcement.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES**

In the opinion of the Directors, the Company has complied throughout the year ended 31 March 2010 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

### **PUBLIC FLOAT**

As at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

### **PUBLICATION OF RESULTS ANNOUNCEMENT**

The information as required by Appendix 16 of the Listing Rules will be published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)) and of the Company ([www.xpressgroup.com](http://www.xpressgroup.com)) in due course.

On behalf of the Board  
**CHAN TONG WAN**  
*Managing Director*

Hong Kong, 23 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.*