

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Xpress Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

MAJOR TRANSACTION

1 February, 2011

CONTENT

	<i>Page</i>
Definitions	1
Letter from the Board	3
Appendix I - Property Valuation	I-1
Appendix II - General Information	II-1

DEFINITION

In this circular, the following expressions have the following meanings, unless the context requires otherwise:

“Acceptance Letter”	the acceptance letter dated 24 November 2010 relating to the successful tender for the Acquisition which was accepted by 13/16 (81.25%) of the vendors
“Acquisition”	The successful tender for the acquisition of the Properties by CRPL
“Agreement”	The tender document together with the Acceptance Letter
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Closely Allied Group of Shareholders”	<ol style="list-style-type: none">(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 1,052,075,486 shares (39.84%) 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 and whose Shares are listed on the main board of the Stock Exchange
“CRPL”	Corporate Residence Pte Ltd, a 90% owned subsidiary of SingXpress and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

DEFINITION

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	27 January 2011
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Project”	the project of owning or redeveloping the Properties
“Properties”	the existing block of 16 residential units located in 235 Balestier Road, Waldorf Mansions, Singapore 329699
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SingXpress”	SingXpress Ltd, an indirect 51.66% owned subsidiary of the Company, the shares of which are listed on the SGX-ST
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“XCL”	Xpress Credit Limited, an indirect wholly owned subsidiary of the Company
“%”	per cent.

In this circular, the exchange rate of S\$1 to HK\$ 5.93 have been used for reference only.

LETTER FROM THE BOARD



XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

Executive Directors:

Chan Heng Fai (*Managing Chairman*)
Chan Tong Wan (*Managing Director*)
Chan Yoke Keow

Registered and principal office:

24/F., Wyndham Place,
40-44 Wyndham Street,
Central, Hong Kong

Non-executive Director:

Fong Kwok Jen

Independent non-executive Directors:

Wong Dor Luk, Peter
Joao Paulo Da Roza
Wong Tat Keung

1 February 2011

*To the Shareholders (and, for information only,
holders of the warrants of the Company)*

Dear Sir or Madam,

MAJOR TRANSACTION

INTRODUCTION

On 29 November 2010, the Company announced that on 24 November 2010, CRPL has received the Acceptance Letter confirming the successful tender for the Properties at a price of S\$21,000,000 (approximately HK\$124,530,000) for the purpose of holding or for redevelopment.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are greater than 25% but less than 100%, the Acquisition constitutes 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. The purpose of this circular is to provide you with details regarding the Acquisition.

LETTER FROM THE BOARD

The Acquisition

- Date of Agreement : 24 November 2010
- Vendors : 16 individual vendors which are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, third parties independent of the Company and connected persons of the Company. As at the date of Agreement, 13 of 16 vendors accepted the tender, the remaining vendors have accepted the tender on or before the Latest Practicable Date.
- Purchaser : Corporate Residence Pte Ltd, a 90% owned subsidiary of SingXpress and an indirect wholly-owned subsidiary of the Company.
- Properties : 235 Balestier Road, Waldorf Mansions, Singapore 329699.
- Purchase price : S\$21,000,000 (approximately HK\$124,530,000) payable in cash
- Date of completion : The earliest date for completion is 3 months from 24 November 2010 i.e. 23 February 2011 and the latest date for completion is 15 months from 24 November 2010 i.e. 23 February 2012, or such other later date as may be agreed between the parties in writing.
- Conditions for completion :
 1. the Purchaser is responsible for obtaining the approval of the Land Dealings (Approval) Unit or such other relevant authorities pursuant to the Residential Property Act (Cap. 274) for the purchase of the Properties ("the RPA Approval").
 2. In the event that the RPA Approval is not obtained on or before the date of completion or is not granted by the relevant authorities, or the approval of the shareholders of SingXpress at the extraordinary general meeting of SingXpress is not obtained, the Purchaser shall have the right to designate a Singapore citizen or a Singapore company or other entity which is not disqualified from purchasing the Properties to complete the sale and purchase.

LETTER FROM THE BOARD

3. The sale and purchase is conditional upon the owners of the Properties obtaining within 12 months from 24 November 2010 i.e. 23 November 2011 or such later date as parties may mutually agree, an Order (from the Strata Titles Board or the High Court of the Republic of Singapore, as the case may be) for the sale of the Properties collectively. In the event that the Order for the sale is not obtained within the said 12 months, the sale and purchase shall be null and void in which event all monies paid by the Purchaser to the Vendors shall be refunded in full to the Purchaser without any interest and neither party shall thereafter have any claim against the other for costs, damages, compensation or otherwise.

The Properties consist of an existing block of 16 residential units covering a total site area of approximately 11,384 square feet. Under the new 2008 master plan, this site is zoned for residential development with a gross plot ratio of up to 2.8 and an allowable height of up to 36 storeys. The site may be redeveloped to accommodate a high rise residential development with a permissible gross floor area of 31,875 square feet.

The Properties are within close proximity to food and shopping and including Nirvana, Shaw Plaza, Balestier Point, Novena square 1&2, Velocity and United Square. Educational institutions like ITE College Central, Hong Wen School, Curtin University of Technology, Bendemeer Secondary School and Saint Joseph's Institution (Junior) are located near to Waldorf Mansions too. It is also within close proximity to Tan Tock Seng Hospital. Balestier is also situated between two of the most convenient expressways in Singapore, mainly Pan-Island Expressway and Central Expressway.

Balestier is going through major revamp with many condominiums sprouting in the neighbourhood. The Arte, Twin Heights, Vista are just some of the new projects. There is also a 4.6 hectare land currently being developed known as Zhong Shan Park. Zhong Shan Park is foreseen by many in the future to be a huge landmark in Balestier. Given the excitement buzzing in the area, it is expected that properties in the area have been excelling in its value.

Financing of the Project

The tender price of S\$21,000,000 (approximately HK\$124,530,000) for the Acquisition was submitted after taking into consideration the recent market transacted prices of similar properties and feasibility study on the location and development potential of the Properties performed by the Group which indicated that the preliminary value of the Properties are not less than the tender price. The Company has not yet determined the Properties to be used for holding and/or redevelopment which is subject to various factors, among other things, the date of completion, market conditions and the financial resources of the Group. As of the Latest Practicable Date, the Group has no specific re-development plan on the Properties.

LETTER FROM THE BOARD

The Group may finance the funding requirements for the Acquisition and redevelopment of the Properties by internal resources, corporate banking facilities and project financing or from other sources as deemed appropriate by the Board from time to time. If the Board deems it appropriate to conduct other capital raising exercises to support this project the Company will make a further announcement in due course.

Reasons for the Acquisition

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

The Directors are optimistic about the property market in Singapore. The Board believes that the Acquisition of the interest in the Properties will further enhance the Group's asset portfolio and strengthen the position of the Group in the property market in Singapore. The Directors consider that the terms of the Acquisition are on normal commercial terms, and are fair and reasonable so far as the Company and the Shareholders are concerned, and that the Acquisition is in the interest of the Company and the Shareholders as a whole.

The Acquisition will be funded by internal resources and banking financing, the proportion between them will be fixed as and when the Completion takes place. The increase in non-current assets will be offset by a decrease in bank balances and cash and the corresponding increase in bank borrowing. The Board does not expect the Acquisition to have any immediate material effect on the earnings of the Group.

Information of SingXpress

SingXpress is engaged in securities investments, property development and property trading and investment business. As at the Latest Practicable Date, XCL has interest in 192,188,000 shares of SingXpress, representing about 51.66% of the existing issued share capital of SingXpress and is accounted for as a subsidiary of the Company.

The Directors consider that the terms of the Agreement 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. If a general meeting of the Shareholders is to be held for the purpose of considering and, if thought fit, approving the Agreement, the Directors would recommend the Shareholders to vote in favour of the ordinary resolution in respect of approving the Agreement.

Written approval of the execution and performance of the Agreement and the transactions thereby contemplated was on 29 November 2010 obtained from a Closely Allied Group of Shareholders who together holding approximately 63.73% of the current issued share capital of the Company. As no shareholders of the Company are required to

LETTER FROM THE BOARD

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.

GENERAL

Your attention is also drawn to the property valuation and the additional information set out in the Appendices to this circular.

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

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Avista Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 24 November 2010 of the property interest of the Group.



Suite 1503, 15/F Top Glory Tower, 262 Gloucester Road,
Causeway Bay, Hong Kong.

TEL: (852) 3907 0680 FAX: (852) 3914 6388

info@avaval.com

www.avaval.com

Date : 1 February 2011

The Board of Directors
Xpress Group Limited
24/F., Wyndham Place
40 – 44 Wyndham Street
Central
Hong Kong

Dear Sirs,

We were instructed by Xpress Group Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) to value the property interests held by the various individual owner located in Singapore, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interests as at 24 November 2010 (the “date of valuation”).

The valuation is our opinion of market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

Our valuation has been made on the assumption that the owner sells the property interests in the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interests and no forced sale situation in any manner is assumed in our valuation.

We have valued the property interests by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

We have been provided with copies of title documents relating to the property interests and have caused searches to be made at the Singapore Land Authority. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

We have relied a very considerable extent on the information given to us by the Company in the course of valuation. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We have accepted advice given to us on such matters as title, planning approvals, statutory notices, easements, tenure, leases, particulars of occupancy, identification of property, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been made to verify their correctness. We have been advised by the Company that no material factors have been omitted from the information supplied to reach an informed view, and have no reason to suspect that any material information has been withheld.

We have not carried out detailed site measurements to verify the correctness of the land or building areas in respect of the property but have assumed that the areas provided to us are correct. Based on our experience of valuation of similar properties in Singapore, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. We have also assumed that there was not any material change of the property in between date of our inspection and the valuation date.

We have inspected the exterior and, where possible, the interior of the appraised property. However, we must point out that we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible, we are therefore unable to report and any such part of the property are free from rot, infestation or any other defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the property or on adjoining or neighbouring land or that the property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

We have not undertaken a survey to determine whether the mechanical and electrical systems within the property (or the buildings or development in which they are located) would be adversely affected on or after the year 2000 and as such have assumed that the property and those systems would be unaffected.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their value.

In accordance with our standard practice, this valuation certificate is for the exclusive use of the party to whom it is addressed and no responsibility is accepted to the third party for the whole or any part of its contents.

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

Unless otherwise stated, all monetary figures stated in this report are in Singapore Dollar (SG\$).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Avista Valuation Advisory Limited

Oswald W Y Au *MHKIS AAPI MSc(RE)*
Registered Professional Surveyor
Assistant Vice President

Note: Mr. Oswald W Y Au holds a Master's Degree of Science in Real Estate from the University of Hong Kong. He is also a member of Hong Kong Institute of Surveyors (General Practice) and Associate Member of Australian Property Institute. In addition, he is a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has about 4 years' experience in the valuation of properties in the PRC and 7 years of property valuation experience in Hong Kong, the U.S., Canada, East and Southeast Asia including Singapore.

VALUATION CERTIFICATE

Property interests held for future development by the Group in Singapore

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 24 November 2010 SG\$
1. 16 Apartment Units of Waldorf Mansions on No.235 Balestier Road, Singapore 239699 (Land Lot No. 99T-TS-29)	The property comprises 16 units (including Unit Nos. #01-02, #02-01, #02-02, #03-01, #04-01, #04-02, #05-01, #06-01, #06-02, #07-01, #08-01, #08-02, #09-01, #10-01, #10-02, #11-01) blocks of 11-storey height residential apartment completed in about 1991. The units have a total gross floor area of approximately 2,159 sq.m. (or 23,239.5 sq.ft.) The subject land lot area of approximately 1,057.6 sq.m. (or 11,384 sq.ft.) The land lot of property is currently held under a freehold interest.	The property was occupied by the vendors as at the date of valuation for residential use. We have been informed by the Company that the property will be delivered in vacant possession on the date of completion.	No commercial value

Notes:

1. Pursuant to the acceptance letter (the "Letter") from DSPP Law Corporation (acting for the existing vendors) dated 24 November 2010, Corporate Residence Pte Ltd ("CRPL") has received the confirmation of the property with the consideration of SG\$21,000,000 was accepted by 13/16 shares of the existing vendors.
2. As at the date of valuation, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be SG\$21,430,000, on condition that the property is assuming the relevant title certificates have been obtained by the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.
3. Pursuant to the Letter and the terms and conditions of tender, the completion day for this transaction will be completed within the period of 3 months from the earliest date is 24 November 2010 (i.e. 23 February 2011) and the latest date is 15 months from 24 November 2010 (i.e. 23 February 2012), or such other later date as may be agreed between the parties in writing.
4. Pursuant to the terms and conditions of tender document, there are three clauses under condition for completion:
 - i. The purchaser is responsible for obtaining the approval of the Land Dealings (Approval) Unit or such other relevant authorities pursuant to the Residential Property Act (Cap. 274) for the purchase of the Properties ("the RPA Approval").

- ii. In the event that the RPA Approval is not obtained on or before the date of completion or is not granted by the relevant authorities, or the approval of the shareholders of SingXpress at the extraordinary general meeting of SingXpress is not obtained, the Purchaser shall have the right to designate a Singapore citizen or a Singapore company or other entity which is not disqualified from purchasing the Properties to complete the sale and purchase.
- iii. The sale and purchase is conditional upon the owners of the Properties obtaining within 12 months from 24 November 2010 i.e. 23 November 2011 or such later date as parties may mutually agree, an Order (from the Strata Titles Board or the High Court of the Republic of Singapore, as the case may be) for the sale of the Properties collectively. In the event that the Order for the sale is not obtained within the said 12 months, the sale and purchase shall be null and void in which event all monies paid by the Purchaser to the Vendors shall be refunded in full to the Purchaser without any interest and neither party shall thereafter have any claim against the other for costs, damages, compensation or otherwise

As at the date of valuation, among all of the above clauses, on condition that the property is assuming the relevant approvals have been obtained by the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.

- 5. As informed by the Group, Corporate Residence Pte Ltd, a 90% owned subsidiary of SingXpress Ltd and indirect wholly-owned subsidiary of Xpress Group Limited.
- 6. As informed by the Group, SingXpress Ltd, an indirect 51.66% owned subsidiary of Xpress Group Limited.
- 7. All of the existing vendors are an independent third party.
- 8. Pursuant to the Master Plan 2008 published by Urban Redevelopment Authority of Singapore Government, the subject lot has been planned for residential uses with 2.8 max plot ratio and 36-storey building height restriction.
- 9. We have been informed by the Group that the property has decided for the purpose of either holding or to be redeveloped into a residential development. However, there was no registered plan or document has been provided as at the date of valuation.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. FINANCIAL INFORMATION ON THE GROUP**(a) Audited Consolidated Financial Statements of the Group**

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 March, 2010 has been set out from page 29 in the Annual Report 2010 of the Company which was published on 29 July, 2010. The Annual Report 2010 has also been posted on the Company's website <http://www.xpressgroup.com>.

The audited consolidated financial statements of the Group for the year ended 31 March, 2009 has been set out from page 32 in the Annual Report 2009 of the Company which was published on 30 July, 2009. The Annual Report 2009 has also been posted on the Company's website <http://www.xpressgroup.com>.

The audited consolidated financial statements of the Group for the year ended 31 March, 2008 has been set out from page 36 in the Annual Report 2008 of the Company which was published on 30 July, 2008. The Annual Report 2008 has also been posted on the Company's website <http://www.xpressgroup.com>.

(b) Working Capital

After taking into account the financial resources available to the Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

(c) Indebtedness

As at the close of business on November 30, 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has outstanding borrowings of approximately HK\$425.5 million, comprising mortgage loans of approximately HK\$317.1 million, bank loans of approximately HK\$79.5 million, amounts due to a director of approximately HK\$28.9 million. The Group's bank borrowings were secured by certain leasehold properties and investment properties of the Group with carrying value of approximately HK\$1,131.5 million.

On the other hand, bank deposits of approximately HK\$3.6 million were pledged as securities for bank facilities granted to subsidiaries.

A subsidiary of the Company was involved in legal proceedings against it for the alleged breach of agreement for damages which are not quantified. In the opinion of the Directors, it is not practicable at this stage to determine with certainty the outcome of the litigation. Further details of the litigation is set out in section headed "Litigation" in Appendix II in this circular.

Save as aforesaid and apart from the intra-group liabilities, none of the companies in the Group had outstanding at the close of business on November 30, 2010 any mortgages, charges or debentures, loan capital, bank overdraft, loans, debt securities or other similar indebtedness or any hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing at the close of business on November 30, 2010.

Except as disclosed above, the Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities at the close of business on November 30, 2010.

(d) Financial and Trading Prospects

The Group is engaged in property investment, property development, financial services and securities investments, including corporate finance, consumer finance and hotel operation. For the year ended 31 March 2010, the Group recorded a turnover of approximately HK\$77 million. The profit attributable to shareholders for the year ended 31 March 2010 was approximately HK\$191.0 million and the net assets value of the Group was HK\$772.7 million as at 31 March 2010. For the six months ended September 30, 2010, the Group recorded a turnover of approximately HK\$33.9 million. The profit attributable to equity holders of the Company for the six months ended September 30, 2010 was HK\$17.3 million and the net assets value of the Group was HK\$834.6 million as at 30 September 2010.

Recently the US Federal Reserve announced to stimulate the economy in a program known as quantitative easing 2 (QE2). Hong Kong will benefit most from capital relocation away from developed to emerging markets. Inflation and low economic growth are reducing the attractiveness of developed-market assets and the easy liquidity and stable regulatory environment in Hong Kong and Singapore make the cities' real estate and securities market attractive, and values are likely to appreciate. The recent announcement of anti-property speculation measures by the Hong Kong government will curb short-term property speculation which will also add uncertainties to the environment that we operate. The Group will continue to adopt a risk-conscious approach towards managing its property portfolios and capture the investment opportunities and increase its properties portfolios in order to enhance its investment portfolio and benefit from the long-term increase in property appreciation.

In August 2010, the Group has undertaken to make applications in excess of its pro rata entitlement to the convertible bonds under the rights issue of SingXpress Ltd ("Rights Issue") and pay for not less than S\$7 million in aggregate principal amount of the convertible bond provisionally allotted to the Group of which the Group has undertaken to take up. The Rights Issue was completed on 9 November 2010 and the Group has subscribed for approximately S\$16.2 million in aggregate principal amount of the convertible bonds.

On 15 November 2010, the Group converted S\$3 million of the convertible bonds into 100,000,000 new shares of SingXpress and the shareholding interests has been increased from approximately 33% to approximately 51% and SingXpress became a subsidiary of the Company.

SingXpress is a company incorporated in Singapore with limited liability, the shares of which are listed on the SGX-ST Catalist board and is engaged in securities investments, property trading, properties investment and properties development businesses. The Group is confidence in and commitment to the longer term future and prospects of SingXpress which will bring financial benefit to the Group in the long run.

The Board believes that the Acquisition will further enhance the Group's asset portfolio and strengthen the position of the Group in the property market in Singapore. The Board does not expect the Acquisition to have any significant effect on the earnings and assets and liabilities of the Group.

2. DISCLOSURE OF INTERESTS

Directors' interests in Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or

short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions

(a) Ordinary shares of HK\$0.01 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company %
Chan Heng Fai	Beneficial owner	1,052,605,486	39.86
Chan Yoke Keow	Beneficial owner	45,279,741	1.71
	Held by trust (<i>Note 1</i>)	78,848,352	2.99
	Held by controlled corporations (<i>Note 2</i>)	<u>585,800,065</u>	<u>22.18</u>
		709,928,158	26.88
Fong Kwok Jen	Beneficial owner	7,333,600	0.28
Chan Tong Wan	Beneficial owner	9,325,522	0.35
Wong Dor Luk, Peter	Beneficial owner	280,000	0.01
Da Roza Joao Paulo	Beneficial owner	4,800	–
	Held by spouse (<i>Note 3</i>)	<u>360,000</u>	<u>0.01</u>
		<u>364,800</u>	<u>0.01</u>
		<u><u>1,779,837,566</u></u>	<u><u>67.39</u></u>

(b) Share options

Name of director	Date granted	Exercisable period	Exercise price per share HK\$	Number of share options outstanding as at the Latest Practicable Date	Percentage of the issued share capital of the Company %
Chan Heng Fai	11.15.2004	11.20.2004 – 5.8.2013	0.1583	123,885,800	4.69
	5.22.2006	5.22.2006 – 5.8.2013	0.1534	49,008,000	1.86
	8.6.2010	8.6.2010 – 5.8.2013	0.1340	400,000,000	15.15
Chan Yoke Keow	11.1.2004	11.1.2004 – 5.8.2013	0.1567	15,313,500	0.58
	11.15.2004	11.20.2004 – 5.8.2013	0.1583	35,731,500	1.35
	2.18.2009	2.18.2009 – 5.8.2013	0.0684	18,376,200	0.70
Chan Tong Wan	11.15.2004	11.20.2004 – 5.8.2013	0.1583	15,313,500	0.58
	5.22.2006	5.22.2006 – 5.8.2013	0.1534	5,104,500	0.19
Fong Kwok Jen	11.15.2004	11.20.2004 – 5.8.2013	0.1583	4,594,050	0.17
Wong Dor Luk, Peter	11.15.2004	11.20.2004 – 5.8.2013	0.1583	3,062,700	0.12
Da Roza Joao Paulo	5.27.2005	5.28.2005 – 5.8.2013	0.1469	2,041,800	0.08
				<u>672,431,550</u>	<u>25.47</u>

(c) Warrants

Name of director	Capacity	Number of warrants held	Number of underlying shares	Percentage of Issued share Capital of the Company %
Chan Heng Fai	Beneficial owner	172,000,000	172,000,000	6.51
		<u>172,000,000</u>	<u>172,000,000</u>	<u>6.51</u>

Notes:

1. These shares are owned by a discretionary trust, HSBC Trust (Cook Island) Limited. Mrs. Chan Yoke Keow (“Mrs. Chan”) is one of the discretionary objects. Mrs. Chan is the spouse of Mr. Chan Heng Fai.
2. These shares are owned by Prime Star Group Co. Ltd., in which Mrs. Chan has 100% equity interests.
3. These shares are owned by Ms. Josephina B. Ozorio, the spouse of Mr. Da Roza Joao Paulo.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (other than a Director or the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other member of the Group:

(i) The Company

Name	Nature of interest	Number of shares/underlying shares held	%
Prime Star Group Co., Ltd. (Note 1)	Beneficial owner	585,800,065	22.18

Note:

- (1) Ms. Chan Yoke Keow is the sole director and shareholder of Prime Star Group Co. Ltd.

(ii) Subsidiaries of the Company

Name of subsidiaries	Name of substantial shareholder	Percentage of shareholding (%)
Japan Xpress Limited	Planet Marketing Communications Inc.	40%
Xpress Finance Limited	MBf Asia Capital Corporation Holdings Limited	18%
Charlton Residences Pte Ltd	ACT Holdings Pte Ltd	20%
SingXpress Ltd	Sin Keng Choo	10.7%

Save as disclosed above, the Directors are not aware of any person as at the Latest Practicable Date who had an interest or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other member of the Group.

3. LITIGATION

Actions were brought by Pricerite Stores Limited and CASH Retail Management Group Limited (together referred to as "Pricerite") respectively claiming that a subsidiary of the Company has, among others, divulged confidential information of Pricerite in breach of agreement for damages which are not quantified. The litigation was arises due to the acquisition of such subsidiary by the Group in 2000. In the opinion of the Directors, it is not practicable at this stage to determine with certainty the outcome of the litigation. Further details of the litigation is set out in section headed "The Compromise Agreement" in the Letter from the Board in the circular of the Company dated July 8, 2002. The litigation has been standstill for more than 8 years.

Save as aforesaid, neither the Company nor any of its subsidiaries is engaged in litigation or arbitration of material importance and so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against the Company or any of its subsidiaries.

4. SERVICE CONTRACTS

Save as set out below, (i) none of the Directors has any existing or proposed service contract with any member of the Group which does not expire or is not terminable by the Group within one year without payment of compensation (other than statutory

compensation); and (ii) none of the Directors has any service contracts with the Company or any of its subsidiaries or associated companies in force for Directors which have more than 12 months to run:

On January 29, 2010, a service contract was entered into between the Company and Mr. Chan for a term of three years commencing from February 1, 2010. The service contract provides for the payment of an annual salary equal to 5.9% of the net assets value of the Company as shown in its consolidated audited accounts at each financial year end. In addition, Mr. Chan is also entitled to receive an accommodation allowance of HK\$30,000 per month. In the event that either party terminate the service contract, the terminated party shall be entitled to receive, and the terminating party shall pay and transfer to the terminated party, as liquidated damages, a lump sum equal to the sum which would have been payable by the Company to Mr. Chan as gross salary (excluding bonus, if applicable), not to exceed 12 months of salary, in respect of the unexpired term of the service contract on the date notice of termination is given.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the directors or their respective associates had any interests in a business which competes or may compete with the businesses of the Group or had any other conflict of interest with the Group.

6. MATERIAL CONTRACTS

- (a) On November 19, 2008, Japan Xpress Travel Holdings Limited, an indirect wholly owned subsidiary of the Company, entered into a sale and purchaser agreement with the purchaser, Mr. Hisakazu Gono for the disposal of the 56.46% of the issued and paid-up capital of Makino Air Travel Service Co., Ltd for a total of cash consideration of JPY30 million.
- (b) On 11 December, 2008, SingXpress Investment Pte Ltd, an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with the purchaser, Corporate Travel Singapore Holding Pte Ltd for the disposal of the 60% of the issued and paid-up capital of Anglo-French Travel Pte Ltd for a total of cash consideration of S\$2.1 million.
- (c) On 12 June 2009, Heng Fung Capital Company Limited, a wholly owned subsidiary of the Company, entered into formal sale and purchase agreement with the vendor, Primaster Limited for the acquisition of property located in Hong Kong at a consideration of HK\$24,000,000.
- (d) On 14 August 2009, SingXpress Service Residence Pte Ltd, an indirect wholly owned subsidiary of the Company, entered into sale and purchase agreements with individuals who are independent third parties to acquire two properties situated in Singapore for an aggregate consideration of S\$2.65 million.
- (e) On 8 January 2010, Corporate Space Pte Ltd, an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with

the vendor, Mr. Chan Heng Fai 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.

- (f) On 11 January 2010, Heng Fung Capital Company Limited, a wholly owned subsidiary of the Company, entered into formal sale and purchase agreement with the vendor, Legacy Advisors Ltd. for the acquisition of property located in Hong Kong at a consideration of HK\$32,016,000.
- (g) On 12 March 2010, Global Growth Management Inc, an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with the purchaser, Timesing Education Group Inc to dispose a property situated in Canada for an aggregate consideration of CAD3 million. The transaction was completed in April 2010.
- (h) On 8 April 2010, Expats Residences Pte Ltd, an indirect wholly owned subsidiary of the Company, entered into sale and purchase agreements with the vendor, Rivershore Pte Ltd to acquire 8 properties situated in Singapore for an aggregate consideration of approximately S\$15.42 million.
- (i) On 28 June 2010, the Company entered into a term sheet with SingXpress Ltd ("SingXpress") and ACT Holdings Pte Ltd ("ACT") relating to, inter alia, the establishment of the joint venture company which shall be owned 80% by SingXpress and 20% by ACT for the purpose of holding and re-developing the existing block of 21 units of walk-up apartments located in Foh Pin Mansion at Charlton Road, Singapore ("Properties") 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 joint venture company in respect of the Project from SingXpress. On 29 June 2010, SingXpress together with ACT have made a successful tender for the Properties at a price of S\$21,200,000 (amended to S\$21,400,000 after the S\$200,000 adjustment under the closing condition that 100% vendors' consent to sale has been obtained before 28 July 2010).
- (j) On, 13 August 2010, Xpress Credit Limited, an indirect wholly owned subsidiary of the Company, has undertaken to make applications in excess of its pro rata entitlement to the convertible bonds under the rights issue of SingXpress Ltd and pay for not less than S\$7 million in aggregate principal amount of the convertible bonds (except the S\$5,431,800 in aggregate principal amount of the convertible bonds (approximately HK\$30,961,000) provisionally allotted to the Group of which the Group has undertaken to take up.
- (k) The Agreement.

Save as aforesaid, no material contracts (not being contracts entered into in the ordinary course of business carried on by the Group) have been entered into by any member of the Group within the two years preceding the date of this circular.

7. NO MATERIAL CONTRACTS

The Directors confirmed there is no contract or arrangement subsisting at the Latest Practicable Date in which a Director is materially interested and which is significant in relation to the business of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Board confirmed that there was no material adverse change in the financial or trading position of the Group since 31 March 2010 (being the date to which the latest published audited consolidated accounts of the Group were made up).

9. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinions or advice, which are contained in this circular:

Name	Qualification
Avista Valuation Advisory Limited	an independent professional property valuer (the "Expert")

The Expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of their letter and/or references to its name in the form and context in which it appears as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Expert has any shareholding, directly or indirectly, in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The letter and recommendation given by the Expert are given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, none of the Expert has any direct or indirect interests in any assets which had been since 31 March 2010, the date of which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to, or proposed to be acquired or disposed of by, or leased to, any members of the Group.

10. MISCELLANEOUS

- (a) None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any of its subsidiaries since March 31, 2010, the date to which the latest published audited financial statements of the Group were made up.
- (b) The registered office of the Company is at 24th Floor, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong.
- (c) The joint secretaries of the Company are Ms. Chan Suk King, Zoe ACCA, CPA, ACIS, ACS. and Mr. Yuen Ping Man, MBA, FCIS, FCS, MHKSI, MIHRM(HK), MIPS(HK), MCIM, SMHKIM, RFP.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular and up to and including 15 February 2011.

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts mentioned under the paragraph headed "Material Contracts" in this Appendix;
- (c) the service contract referred to in the section headed "Service Contracts" in this Appendix;
- (d) the written consents referred to in the paragraph headed "Expert and consent" in this Appendix;
- (e) the annual reports of the Company for the two years ended March 31, 2010; and
- (f) this circular.