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XPRESS Group 特速集團

XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2011

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 2011 together with the comparative figures of the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	3	**75,321**	77,013
Cost of sales		**(8,052)**	(9,022)
Gross profit		**67,269**	67,991
Other operating income	3	**4,842**	22,832
Gain on disposal of financial assets at fair value through profit or loss		**17,660**	21,552
Fair value gain on financial assets at fair value through profit or loss		**327**	15,193
Fair value gain on revaluation of investment properties, net		**146,667**	190,083
Administrative expenses		**(160,846)**	(88,650)
Gain on remeasurement of previously held interest upon step acquisition of subsidiaries		**10,869**	–

	Notes	2011 HK$'000	2010 HK$'000
Profit from operations		**86,788**	229,001
Finance costs		**(6,405)**	(4,431)
Share of results of associates		**(2,498)**	(2,047)
Profit before income tax	5	**77,885**	222,523
Income tax expenses	6	**(26,603)**	(31,549)
Profit for the year		**51,282**	190,974
Attributable to:			
Owners of the Company		**45,417**	191,005
Non-controlling interests		**5,865**	(31)
		51,282	190,974
Earnings per share	7		
Basic		**1.72 cents**	8.62 cents
Diluted		**1.71 cents**	8.59 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**51,282**	190,974
Other comprehensive income		
Exchange fluctuation reserve:		
Exchange differences arising on translating of foreign operations	**49,863**	24,974
Share of other comprehensive income of associates	**529**	2,140
Share of reserve of an associate	**3**	–
Realisation of reserves of an associate upon step acquisition	**(16,431)**	–
Other comprehensive income for the year	**33,964**	27,114
Total comprehensive income for the year	**85,246**	218,088
Total comprehensive income (loss) attributable to:		
Owners of the Company	**78,350**	218,119
Non-controlling interests	**6,896**	(31)
	85,246	218,088

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	31 March 2011 HK$'000	31 March 2010 HK$'000 (Restated)	1 April 2009 HK$'000 (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		**59,930**	52,081	61,783
Prepaid lease payments		**22,430**	22,907	19,162
Investment properties		**1,159,931**	742,501	250,506
Interests in associates		**2,248**	9,110	8,306
Long term deposits		**–**	–	14,095
Available-for-sale financial assets		**1,464**	1,462	12,178
Goodwill		**10,544**	10,544	10,544
Loan receivables		**–**	–	736
		1,256,547	838,605	377,310
Current assets				
Inventories		**388**	409	491
Properties under development for sale		**138,403**	–	–
Trade and other receivables, deposits and prepayments	*8*	**32,742**	15,979	22,426
Loan receivables		**635**	926	6,511
Financial assets at fair value through profit or loss		**175,417**	136,117	102,885
Amounts due from associates		**172**	9,528	7,648
Pledged bank deposits		**7,492**	3,413	3,973
Bank balances and cash		**185,071**	133,846	56,828
		540,320	300,218	200,762
Current liabilities				
Trade and other payables and accruals	*9*	**42,083**	101,160	38,514
Bank overdraft		**86,486**	8,274	–
Borrowings		**216,763**	128,457	39,047
Tax payables		**20,370**	18,838	15,421
Amounts due to associates		**515**	10	1,387
		366,217	256,739	94,369

	31 March 2011 HK$'000	31 March 2010 HK$'000 (Restated)	1 April 2009 HK$'000 (Restated)
Net current assets	**174,103**	43,479	106,393
Total assets less current liabilities	**1,430,650**	882,084	483,703
Non-current liabilities			
Borrowings	**327,279**	47,105	35,013
Deferred taxation	**95,071**	62,300	20,955
Convertible bonds	**293**	–	–
Non-convertible bonds	**105,633**	–	–
	528,276	109,405	55,968
Net assets	**902,374**	772,679	427,735
CAPITAL AND RESERVES			
Share capital	**26,408**	26,408	18,371
Reserves	**843,197**	746,271	409,333
Equity attributable to owners of the Company	**869,605**	772,679	427,704
Non-controlling interests	**32,769**	–	31
Total equity	**902,374**	772,679	427,735

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments that have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

As further explained in Note 2 below, during the year, the Group adopted HK Interpretation 5, following which part of the Group's term bank loans were reclassified as current liabilities. This in turn has impacted on the amount of net current assets presented in the consolidated statement of financial position.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the adoption of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKAS 27 (Revised) – "Consolidated and separate financial statements"
HKFRS 3 (Revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions with no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The revised Standard was applied to all acquisitions during the year. For step acquisition of SingXpress Land Limited, it requires goodwill to be determined only at the date control is obtained rather than at the previous stages. The determination of goodwill includes the previously held equity interest to be adjusted to fair value, with any gain or loss recorded in the consolidated income statement, which previously would have been included in the consideration for the business combination. The Group has chosen to recognise the non-controlling interest at the proportionate share of net assets of SingXpress Land Limited and its subsidiaries rather than fair value. Previously, only proportionate share of net assets is allowed.

HK Interpretation 5: *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

HK Interpretation 5 requires that a loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement.

Prior to the adoption of this interpretation, the term loans of the Group were classified in the consolidated statements of financial position, respectively, separately as to the current and non-current liability portions based on the maturity dates of repayment. Upon the adoption of the interpretation, part of the term loans have been reclassified as current liabilities. The interpretation has been applied by the Group retrospectively and comparative amounts have been restated. In addition, as a result of this change and as required by HKAS 1 *Presentation of Financial Statements*, these financial statements also include consolidated financial position as at 1 April 2009.

The above change has had no effect on the reported profit or loss, total comprehensive income or equity of the Group for any period presented. The effect on the consolidated statements of financial position at 31 March is summarised as follows:

Group

	2011	**2010**	**At 1 April 2009**
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Increase in borrowings	**121,911**	40,496	27,929
Non-current liabilities			
Decrease in borrowings	**(121,911)**	(40,496)	(27,929)

New and revised Standards and Interpretations issued but not yet effective

The Group has not early applied the following new or revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 7 (Amendments)	Disclosures-Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 24 (Revised)	Related Party Disclosures[5]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]
HKFRS 1 Amendment	Limited Exemptions from Comparative HKFRS 7 Disclosures for first-time Adopters[1]
HKFRS 1 Amendments	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[2]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2011.
[3] Effective for annual periods beginning on or after 1 January 2013.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 January 2011.
[6] Effective for annual periods beginning on or after 1 July 2010.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and that the application of HKFRS 9 will have no material impact on the amount of the Group's financial assets and financial liabilities.

The directors of the Company anticipate that the application of the other new or revised HKFRSs will have no material impact on the consolidated financial statements.

3. REVENUE & OTHER OPERATING INCOME

Revenue, which is also the Group's turnover, represents total invoiced value of goods supplied and income from provision of services. Revenue recognised during the year is as follows:

	2011	2010
	HK$'000	*HK$'000*
Financial interest and service income	**658**	1,206
Dividend income	**4,091**	1,006
Other interest income	**5,101**	14,735
Rental income	**25,045**	15,023
Income from hotel operations	**40,426**	45,043
	75,321	77,013

Other operating income

	2011	2010
	HK$'000	*HK$'000*
Other income	**3,486**	4,155
Gain on bargain purchase	**839**	18,138
Reversal of impairment loss on trade receivables	**21**	–
Bad debt recovery on loan receivables	**45**	–
Gain on disposal of investment properties	**451**	–
Gain on disposal of subsidiary and associates	**–**	453
Exchange gain, net	**–**	86
	4,842	22,832

4. SEGMENT INFORMATION

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 and trading	–	letting properties and trading of properties
Hotel operations	–	hotel operations in Japan
Property development	–	redevelopment of properties

The board of directors (the "Board") of the Company, being the chief operating decision maker considers the business from both product and geographic perspective. From a product perspective, the chief operating decision maker assesses the performance of (i) financing operations (ii) securities trading and investment (iii) treasury investment (iv) property investment and trading (v) hotel operations and (vi) property development. For the year ended 31 March 2011, there is one new reportable segment regarding property development. In addition, the chief operating decision maker further evaluated the result on a geographical basis (Hong Kong, North America, Singapore and Japan).

Inter-segment sales are charged at prevailing market prices.

The accounting policies of the reportable segments are the same as the Group's accounting policies. An analysis of the Group's revenue, contribution to the results from operations for the years ended 31 March 2011 and 2010 and certain assets, liabilities and expenditure information regarding reportable segments is as follows:

Segment revenue and results
For the year ended 31 March 2011

	Financing operations *HK$'000*	Securities trading and investment *HK$'000*	Treasury investment *HK$'000*	Property investment and trading *HK$'000*	Hotel operations *HK$'000*	Property development *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue								
– External sales	658	4,091	5,101	25,045	40,426	–	–	75,321
– Inter-segment sales	–	–	9,236	–	–	–	(9,236)	–
Total	658	4,091	14,337	25,045	40,426	–	(9,236)	75,321
Segment results	(856)	15,932	5,101	170,797	(3,263)	(101)	–	187,610
Unallocated corporate revenue								16,464
Unallocated corporate expenses								(117,286)
Finance costs								(6,405)
Unallocated share of results of associates								(2,498)
Profit before income tax								77,885
Income tax expenses								(26,603)
Profit for the year								51,282
Segment assets	243	176,881	6,845	1,160,166	53,867	155,273	–	1,553,275
Unallocated associates								2,248
Unallocated assets								241,344
Total assets								1,796,867
Segment liabilities	(144)	(350)	(48,470)	(493,506)	(16,276)	(106,213)	–	(664,959)
Unallocated liabilities								(229,534)
Total liabilities								(894,493)
Capital expenditure	–	–	–	163,333	305	–	–	163,638
Unallocated capital expenditure								161
Total capital expenditure								163,799
Depreciation	(37)	–	(321)	(1,746)	(1,759)	–	–	(3,863)
Unallocated depreciation								(183)
Total depreciation								(4,046)
Amortisation of prepaid lease payments	–	–	–	(477)	–	–	–	(477)
Fair value gain on financial assets at fair value through profit or loss	–	327	–	–	–	–	–	327
Gain on disposal of financial assets at fair value through profit or loss	–	17,660	–	–	–	–	–	17,660
Impairment loss on financial assets at fair value through profit or loss	–	(734)	–	–	–	–	–	(734)
Gain on disposal of investment properties	–	–	–	451	–	–	–	451
Loss on disposal of property, plant and equipment	(2)	–	–	–	–	–	–	(2)

For the year ended 31 March 2010

	Financing operations HK$'000	Securities trading and investment HK$'000	Treasury investment HK$'000	Property investment and trading HK$'000	Hotel operations HK$'000	Elimination HK$'000	Total HK$'000
Revenue							
– External sales	1,206	1,006	14,735	15,023	45,043	–	77,013
– Inter-segment sales	–	–	8,659	435	–	(9,094)	–
Total	1,206	1,006	23,394	15,458	45,043	(9,094)	77,013
Segment results	(2,744)	35,811	14,735	204,271	(4,220)	–	247,853
Unallocated corporate revenue							24,605
Unallocated corporate expenses							(43,457)
Finance costs							(4,431)
Unallocated share of results of associates							(2,047)
Profit before income tax							222,523
Income tax expenses							(31,549)
Profit for the year							190,974
Segment assets	1,431	137,579	6,255	742,736	47,444	–	935,445
Unallocated associates							9,110
Unallocated assets							194,268
Total assets							1,138,823
Segment liabilities	(247)	(356)	(9,628)	(287,879)	(14,921)	–	(313,031)
Unallocated liabilities							(53,113)
Total liabilities							(366,144)
Capital expenditure	–	–	–	158,952	549	–	159,501
Unallocated capital expenditure							264
Total capital expenditure							159,765
Depreciation	(615)	–	(388)	(1,619)	(1,884)	–	(4,506)
Amortisation of prepaid lease payments	–	–	–	(477)	–	–	(477)
Fair value gain on financial assets at fair value through profit or loss	–	15,193	–	–	–	–	15,193
Gain on disposal of financial assets at fair value through profit or loss	–	21,552	–	–	–	–	21,552
Impairment loss on loan receivables	(266)	–	–	–	–	–	(266)
Gain on disposal of property, plant and equipment	290	–	–	–	–	–	290

Geographical information

The Group's operations are located in four (2010: 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.

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**15,615**	16,443
North America	**4,160**	6,759
Singapore	**15,120**	8,768
Japan	**40,426**	45,043
	75,321	77,013

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

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**682,784**	436,894
North America	**10,524**	30,249
Singapore	**967,701**	547,390
Japan	**135,858**	124,290
	1,796,867	1,138,823

Capital expenditure

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**18,270**	59,472
North America	**–**	–
Singapore	**145,224**	99,743
Japan	**305**	550
	163,799	159,765

Information about major customers

For the year ended 31 March 2011 and 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.

5. PROFIT BEFORE INCOME TAX

	2011	2010
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging (crediting):		
Operating lease charges on land and buildings	**1,166**	2,072
Depreciation	**4,046**	4,506
Amortisation of prepaid lease payments (included in administrative expenses)	**477**	477
Impairment loss on financial assets at fair value through profit or loss	**734**	–
Impairment loss on loan receivables	**–**	266
Impairment loss on trade receivables	**23**	21
Impairment loss on other receivables	**1,678**	1,538
Loss (gain) on disposal of property, plant and equipment	**2**	(290)
Auditor's remuneration	**600**	600
Staff costs including directors' emoluments	**100,230**	37,998
Exchange loss, net	**5,837**	–
Rental income from investment properties less outgoings of HK$2,552,000 (2010: HK$1,376,000)	**(22,493)**	(13,647)

6. INCOME TAX EXPENSES

	2011	2010
	HK$'000	*HK$'000*
Current tax		
– Hong Kong	**38**	(909)
– Overseas	**1,412**	166
Deferred taxation	**25,153**	32,292
	26,603	31,549

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 entity operates.

The tax charge for the year can be reconciled to the profit before income tax per the consolidated income statement as follows:

	2011	2010
	HK$'000	*HK$'000*
Profit before income tax	**77,885**	222,523
Tax at Hong Kong profits tax rate of 16.5% (2010: 16.5%)	**12,851**	36,716
Tax effect of expenses not deductible for tax purpose	**16,158**	20,577
Tax effect of income not taxable for tax purpose	**(34,426)**	(45,840)
Tax effect of unused tax losses not recognised	**9,491**	2,793
Utilisation of tax losses previously not recognised	**(903)**	(301)
Under (over) provision in respect of prior years	**687**	(228)
Tax effect of share of losses of associates	**412**	338
Effect of different tax rates of subsidiaries operating in other jurisdictions	**22,547**	17,494
Effect of tax exception granted to Singapore subsidiaries	**(214)**	–
Income tax expenses for the year	**26,603**	31,549

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK$45,417,000 (2010: HK$191,005,000) and on the weighted average number of approximately 2,640,836,000 (2010: 2,215,439,000) 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$45,417,000 (2010: HK$191,005,000) and on the weighted average number of approximately 2,661,814,000 (2010: 2,222,382,000) ordinary shares in issue during the year.

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company, used in the basic and diluted earnings per share calculation	**45,417**	191,005

Number of shares

	2011	2010
	'000	*'000*
Weighted average number of ordinary shares for the purpose of the basic earnings per share	**2,640,836**	2,215,439
Effect of dilutive potential ordinary shares:		
Share options	**20,978**	6,943
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,661,814**	2,222,382

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**17,679**	17,794
Less: Allowance for doubtful debts	**(10,023)**	(10,021)
	7,656	7,773
Other receivables, deposits and prepayments	**24,609**	7,729
Prepaid lease payments	**477**	477
	32,742	15,979

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 at the end of the reporting period is as follow:

	2011	2010
	HK$'000	*HK$'000*
0 – 60 days	**1,582**	2,250
61 – 90 days	**91**	89
Over 90 days	**5,983**	5,434
	7,656	7,773

The aging analysis of trade receivables that are past due but are not considered impaired at the end of the reporting period is as follows:

	2011	2010
	HK$'000	*HK$'000*
61 – 90 days	**91**	89
Over 90 days	**5,983**	5,434
	6,074	5,523

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired related to a customer with long business relationship. Based on past experience, management believes that no additional provision for impairment is necessary as there is no significant change in credit quality and the balances are considered to be fully recoverable.

The Group has provided fully for all receivables that are determined not recoverable. Based on past experience, the management believed that no impairment allowance is necessary in respect of the remaining balances as there had not been a significant change in credit quality and the balances were considered fully recoverable.

	2011	2010
	HK$'000	*HK$'000*
At 1 April	**10,021**	10,000
Impairment loss	**23**	21
Reversal of impairment loss	**(21)**	–
At 31 March	**10,023**	10,021

At the end of the reporting period, the Group's trade receivables were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties. Consequently, specific impairment provision was recognised. The Group has hold collaterals over these balances.

9. TRADE AND OTHER PAYABLES AND ACCRUALS

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**980**	740
Other payables and accrued expenses	**41,103**	100,420
	42,083	101,160

The Group was granted by its suppliers credit periods ranging from 30 to 60 days (2010: 30 to 60 days). An aging analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 – 60 days	**761**	737
61 – 90 days	**–**	–
Over 90 days	**219**	3
	980	740

DIVIDEND

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2011 (2010: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 19 August 2011 to Tuesday, 23 August 2011, 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 Thursday, 18 August 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a turnover of approximately HK$75.3 million for the year ended 31 March 2011, representing a decrease of approximately 2.2% as compared to the year ended 31 March 2010. The decrease in turnover was mainly due to the net effect of the decrease of the turnover of the hotels and hospitality division and the increase in rental income during the year. The profit attributable to owners of the Company for the year ended 31 March 2011 was approximately HK$45.4 million as compared to HK$191.0 million in 2010.

The basic earnings per share for the year was HK1.72 cents when compared with HK8.62 cents in the previous year.

(a) *Hotels and Hospitality Division*

The turnover of the hotels and hospitality division in 2011 was approximately HK$40.4 million, representing a decrease of 10.2% from last year. The segment loss was approximately HK$3.3 million, down 22.7% from last year.

(b) *Securities Trading*

Notwithstanding that the investment environment has begun to improve since 2009, the global financial markets remained volatile in 2010. The Group was able to capture the rebound of the market during the year even though there was a consolidation of the stock market towards the end of the year. The Group's securities business contributed a profit of approximately HK$15.9 million for 2011 compared to HK$35.8 million for 2010.

(c) *Property Investments and Trading*

The residential property market in Hong Kong and Singapore picked up steam in last year. This division contributed revenues of approximately HK$25.0 million and net profit of approximately HK$170.8 million to the Group, including a fair value gain on revaluation of investment properties of approximately HK$146.7 million compared to HK$190.1 million in 2010.

(d) *Other Investments*

During the year under review, the Group increased its equity interest in SingXpress Land Ltd (formerly known as SingXpress Ltd) ("SingXpress") from approximately 33% to 63%. SingXpress has been reclassified from an associate to a subsidiary of the Group. During the year, the Group share of loss of approximately HK$2.4 million from SingXpress before it was consolidated in the financial statements of the Group.

As at 31 March 2011, the Group held approximately 30% in RSI International Systems Inc. ("RSI"), a Canada listed associate of the Group. During the year, the Group shared a loss of approximately HK$0.1 million from RSI.

Liquidity and Capital Resources

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.

As at 31 March 2011, the total equity of the Group was increased to approximately HK$902.4 million (31 March 2010: HK$772.7 million).

As at 31 March 2011, the Group had bank balances and cash and pledged bank deposits amounted to approximately HK$192.6 million (31 March 2010: HK$137.3 million) mainly dominated in US dollars, Hong Kong dollars, Singapore dollars and Japanese Yen. The Group had total borrowings (including bank overdraft, borrowings, liability components of convertible bonds and non-convertible bonds) of approximately HK$736.5 million (31 March 2010: HK$183.8 million) mainly dominated in Hong Kong dollars, Singapore dollars and Japanese Yen. As at 31 March 2011, the Group's current ratio was 1.5 (31 March 2010: 1.2) and had a gearing ratio of 30.3% (31 March 2010: 4.1%), defined as the ratio of total borrowings less bank balances and cash and pledged bank deposits to total assets.

Material Acquisitions and Disposals for Material Investments

(a) During the year, the Group entered into a sale and purchase agreement to dispose a property situated in Canada for a consideration of C$3 million.

(b) During the year, the Group entered into sale and purchase agreements to acquire 8 properties situated in Singapore for an aggregate consideration of approximately S$15.9 million.

(c) During the year, the Group increased its equity interest in SingXpress Land Ltd (formerly known as SingXpress Ltd) ("SingXpress") from approximately 33% to 63% and SingXpress has been reclassified from an associate to a subsidiary of the Company.

(d) During the year, the Group via a subsidiary of SingXpress, entered into sale and purchase agreements to acquire 6 properties situated in Singapore for an aggregate consideration of approximately S$10.1 million.

(e) During the year, the Group via subsidiaries of SingXpress, entered into sales and purchase agreements to acquire 41 properties and dispose 7 properties situated in Hong Kong. The Group retained 34 properties situated in Hong Kong as at 31 March 2011, the consideration for that 34 properties are approximately HK$55.8 million.

Capital Commitments

As at 31 March 2011, the Group had made capital commitments of approximately HK$116.6 million (31 March 2010: Nil) for acquisition of properties under development for sale 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 2011.

Foreign Exchange Exposure

Substantially all the revenues, expenses, assets and liabilities are denominated in Hong Kong dollars, US dollars, Canadian dollars, Japanese Yen and Singapore dollars. Due to the currency peg of the Hong Kong dollar to the US dollar, 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 transactions, assets and liabilities.

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 110 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 borrowings of approximately HK$544.0 million were mainly secured by the investment properties, land and buildings, prepaid lease payments, properties under development for sale, financial assets at fair value through profit or loss and bank deposits of the Group with an aggregate carrying value of approximately HK$1,508.2 million.

OUTLOOK

The Group's vision is to build premium designer homes that are synonymous with distinctive and exceptional design, quality, and service set to create a new benchmark in the industry.

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. At the date of this announcement, the audit committee comprises the two independent non-executive directors of the Company and the consolidated financial statements of the Group for the year ended 31 March 2011 have been reviewed by the committee. Mr. Da Roza Joao Paulo, ("Mr. Da Roza"), an independent non-executive director of the Company, passed away on 16 May 2011. Following Mr. Da Roza's demise, the Company has two independent non-executive directors, which falls below the minimum number of independent non-executive directors required under Rule 3.10(1) of the Listing Rules.

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 2011 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 2011. The works 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 2011 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules. Mr. Da Roza, an independent non-executive director of the Company, passed away on 16 May 2011. Following Mr. Da Roza's demise, the Company has two independent non-executive directors, which falls below the minimum number of independent non-executive directors required under Rule 3.10(1) of the Listing Rules. The Company will use its best endeavour to appoint a suitable candidate to fill the vacancy as soon as practicable and will announce the appointment of a new independent non-executive director as soon as possible and in any event within the time period set forth in Rule 3.11 of the Listing Rules. Further announcement will be made by the Company in relation to such appointment in accordance with the Listing Rules requirements.

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) and of the Company (www.xpressgroup.com) in due course.

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

Hong Kong, 29 June, 2011

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 and Mr. Wong Tat Keung.