XPRESS Group 特速集團

XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

MAJOR TRANSACTION
DISPOSAL OF MIYAZAKI HOTEL

On 28 September 2012, the Vendor entered into the Agreement with the Purchaser to dispose the Miyazaki Hotel at an aggregate consideration of JPY420 million (equivalent to approximately HK$41.9 million).

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are greater than 25% but less than 75%, the Disposal 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.

Written approval of the execution and performance of the Agreement and the transactions thereby contemplated was on 28 September 2012 obtained from a Closely Allied Group of Shareholders who together holding approximately 73.9% of the current issued share capital of the Company. As no shareholders of the Company are required to abstain from voting at a general meeting to approve the Agreement and the transaction thereby contemplated, the written approval of the Closely Allied Group of Shareholders has been accepted under the Listing Rules in lieu of a majority vote at a general meeting of the Company to approve the Agreement and the transactions thereby contemplated.

A circular containing, among others things, details of the Disposal and other disclosure requirements under the Listing Rules will be dispatched to the Shareholders on or before 30 November 2012.

Hotel Plaza Miyazaki Limited, an indirect wholly-owned subsidiary of Xpress Group Limited ("Company"), entered into a sale and purchase agreement ("Agreement") with the Purchaser to dispose the hotel property known as Hotel Plaza Miyazaki situated at 1-1, Kawahara-cho, Miyazaki, Miyazaki 880-0866, Japan ("Miyazaki Hotel") at an aggregate consideration of JPY420 million (equivalent to approximately HK$41.9 million) ("Disposal").

THE MIYAZAKI HOTEL

Date of the Agreement:	28 September 2012
Vendor:	Hotel Plaza Miyazaki Limited, an indirect wholly-owned subsidiary of the Company
Purchaser:	CS Real Estate Consulting Inc, a company incorporated in Japan

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser is principally engaged in providing real estate property investment and is independent third parties not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

Miyazaki Hotel:	1-1, Kawahara-cho, Miyazaki, Miyazaki 880-0866, Japan
Sale price:	JPY420 million (equivalent to approximately HK$41.9 million) payable in cash and the payment schedule is as follows: – JPY40 million (equivalent to approximately HK$4.0 million), being the deposit, was paid by the Purchaser to the Vendor upon signing the Agreement; – the balance of the purchase price of JPY380 million (equivalent to approximately HK$37.9 million) is payable to the Vendor on the date of completion.
Date of completion:	On or before 20 December, 2012 or such other day as may from time to time agreed in writing by the Purchaser and the Vendor

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company and its subsidiaries ("Group") is engaged in property trading and investment, properties development, financial services and securities investments, including corporate finance, consumer finance and hotel operation.

The Miyazaki Hotel has 164 rooms provides full service amenities. The total gross floor area of Miyazaki Hotel is approximately 17,721 sq. m. The Miyazaki Hotel is facing steep competition from existing hotels in its surrounding areas, the unaudited net loss before and after taxation attributable to the Miyazaki Hotel for the financial years ended 31 March 2011 are approximately JPY90.34 million (equivalent to approximately HK$9.02 million) and JPY95.46 million (equivalent to approximately HK$9.53 million), respectively. The unaudited net loss before and after taxation attributable to the Miyazaki Hotel for the financial year ended 31 March 2012 are approximately JPY87.57 million (equivalent to approximately HK$8.75 million) and JPY92.69 million (equivalent to approximately HK$9.26 million), respectively.

The Directors consider that the Disposal is a good opportunity for the Group to realize its investment and prevent further operating losses. The proceeds from the Disposal will enable the Group to reduce its borrowings and future interest expenses and improve the financial position and the working capital condition of the Group.

The Directors (including independent non-executive Directors) consider that the sale price for the Miyazaki Hotel have been determined after arm's length negotiations between the parties to the Agreement with reference to the prevailing Japan market condition and the unaudited book value of the Miyazaki Hotel. The Directors are of the view that the Disposal are in the interest of the Group and the terms of Disposal in the Agreement are in normal commercial terms, which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based on the unaudited book value of the Miyazaki Hotel of approximately JPY397.6 million (equivalent to approximately HK$39.71 million) as at 31 March 2012, it is expected that the Company will realize a gain from the Disposal of approximately HK$2.24 million being the difference between the Consideration and the book value of the Miyazaki Hotel as at 31 March 2012.

After the Disposal, the Group will receive the proceeds of approximately HK$41.9 million. The Company intends to use the net sale proceeds from the Disposal for the repayment of the mortgage loan of approximately HK$7.15 million and the remaining balance will be used by the Group for the general working capital.

GENERAL

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are greater than 25% but less than 75%, the Disposal 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.

Written approval of the execution and performance of the Agreement and the transactions thereby contemplated was on 28 September 2012 obtained from Mr. Chan Heng Fai and Ms. Chan Yoke Keow, a closely allied group of Shareholders (who together holding approximately 73.9% of the current issued share capital of the Company ("Closely Allied Group"). As no shareholders of the Company are required to abstain from voting at a general meeting to approve the Agreement and the transactions thereby contemplated, the written approval of the Closely Allied Group of Shareholders has been accepted under the Listing Rules in lieu of a majority vote at a general meeting of the Company to approve the Agreement and the transactions thereby contemplated.

A circular containing, among others things, details of the Disposal and other disclosure requirements under the Listing Rules will be dispatched to the Shareholders on or before 30 November 2012 as the Company expects it would take approximately 2 months for the preparation and finalization of the Circular including, among others, to compile indebtedness statement, working capital statement of the Group.

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

Hong Kong SAR, 28 September, 2012

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. Wong Tat Keung and Mr. Chan King Fai.