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## **XPRESS GROUP LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code:185)

### **MAJOR AND CONNECTED TRANSACTION**

On 11 December, 2008, the Vendor entered into the Agreement with the Purchaser, under which the Vendor has agreed to sell, and the Purchaser has agreed to purchase 60% of the issued and paid-up capital of AFT at a consideration of S\$2,100,000 (approximately HK\$ 10,710,000).

The Disposal contemplated by the Agreement constitutes a major transaction for the Company under the Listing Rules. Mr. Lee, a substantial shareholder of AFT who holds 40% equity interest in AFT, is a controller of the Group. Accordingly, the Disposal also constitutes a connected transaction for the Company under Listing Rule 14A.13(1)(b)(i). A circular relating to the Disposal will be dispatched to the shareholders of the Company as soon as practicable and within 21 days from the date of publication of this announcement.

#### **THE AGREEMENT**

##### **Date**

11 December, 2008

##### **Parties**

1. The Vendor; and
2. The Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Pursuant to the Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase of the Sale Shares at a consideration of S\$2,100,000 (approximately HK\$ 10,710,000).

## Consideration

The Consideration for the disposal of the Sale Shares is S\$2,100,000 (approximately HK\$ 10,710,000) in cash to be payable at Completion. The consideration has been determined after arm's length negotiation between the Vendor and the Purchaser and after taken into account the net asset value and net profit of AFT for the year ended 31 March 2008.

## Conditions

Completion of the Disposal is conditional, among other things, on the following conditions precedent being fulfilled (or waived) on or before 7 January, 2009, or such later date as may be agreed by the Company and the Purchaser:

- (i) all necessary approvals from regulatory authorities including approvals from the Stock Exchange, having been obtained in respect of the Disposal, if necessary; and
- (ii) all necessary approvals by the shareholders of the Company in general meeting or by way of written Shareholders' approval by its majority Shareholders in lieu of the holding of the general meeting in respect of the Disposal in a manner as required by the Stock Exchange or under the Listing Rules having been obtained.

## INFORMATION OF AFT

AFT is a Singapore company whose principal business activity is travel related services which focuses on corporate travel for small and medium enterprises, government statutory boards, multi-national corporations and global companies' leisure travel. These include land packages and tours, "MICE" (Meetings - Incentives - Conventions - Exhibitions) and whole agent airline ticketing businesses.

A summary of the results of AFT for each of the three years ended 31 March, 2006, 2007 and 2008 is set out below.

	<b>For the year ended 31 March</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation	(4,142)	(550)	<b>4,782</b>
Profit/(loss) after taxation	(4,142)	(550)	<b>3,966</b>
Net asset value	2,756	6,061	<b>9,585</b>

## INFORMATION OF THE PURCHASER

The Purchaser, a company incorporated in Singapore with limited liability and is principally engaged in the investment holding. To the best of the directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are third parties independent of and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates as defined in the Listing Rules.

## **REASONS FOR THE DISPOSAL**

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

In the light of the current adverse financial and economic circumstances, the Company has been evaluating all the businesses of the Group to determine the future plans of the Group and rationalize its business direction. The disposal of the Sale Shares by the Group will further streamline the business of the Group and the Directors consider that the Disposal represents a good opportunity for the Group to realize its investment in AFT at reasonable price. The Disposal will further strengthen the financial position of the Group and enhance its cashflow.

Upon Completion, the Group will have no remaining interest in AFT and AFT will cease to be a subsidiary of the Group.

It is estimated that as a result of the Disposal, the Group will record a net loss of approximately HK\$1.4 million calculated by deducting the estimated carrying value and goodwill of AFT from the Consideration of approximately HK\$10,710,000 to be received. It is the intention of the Group that the proceeds from the Disposal will be used for general working capital of the Group.

After the Disposal, the Company continues to maintain its property investment, financial services and securities investments, including corporate finance, consumer finance and hotel operation through its subsidiaries and the travel related services will be operating through one of its indirect 31% owned associate, SingXpress Ltd, a company listed on The Singapore Exchange Securities Trading Limited. The Directors are of the view that the Group has sufficient operations and tangible assets of sufficient value to warrant the continued listing of the shares of the Company on the Stock Exchange pursuant to the Listing Rules.

## **GENERAL**

The Disposal constitutes a major transaction for the Company pursuant to Chapter 14 of the Listing Rules. Mr. Lee, a substantial shareholder of AFT who holds 40% equity interest in AFT, is a controller of the Group. Accordingly, the Disposal also constitutes a connected transaction for the Company under Listing Rule 14A.13(1)(b)(i). The directors of the Company consider that the terms and conditions of the Disposal are on normal commercial terms and are fair and reasonable and are in the interest of the Company and the shareholders of the Company as a whole.

Written approval of the execution and performance of the Agreement and the transactions thereby contemplated was on 5 December 2008 obtained from a Closely Allied Group of Shareholders who together holding approximately 52.45% of the current issued share capital of the Company. As no shareholders of the Company are required to abstain from voting at a general meeting to approve the Agreement and the transactions thereby contemplated, the written approval of the Closely Allied Group of Shareholders has been accepted under the Listing Rules in lieu of a majority vote at a general meeting of the Company to approve the Agreement and the transactions thereby contemplated. The Company has applied to the Stock Exchange for a waiver from the requirement to hold a shareholders meeting by way of a written certificate of approval by the shareholders. As a result, the Stock Exchange has agreed that the requirement on convening a general meeting of the Company to approve the Disposal mentioned above be waived.

## DEFINITIONS

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

“AFT”	Anglo-French Travel Pte Ltd, a company incorporated in Singapore with limited liability which is an indirect 60% owned subsidiary of the Company
“Agreement”	The sale and purchase agreement date 11 December, 2008 entered into by the Vendor and the Purchaser for the sale and purchase of the Sale Shares
“associate”	has the meaning defined in Chapter 1 of the Listing Rules
“Board”	the board of Directors
“Closely Allied Group of Shareholders”	<ol style="list-style-type: none"><li>(1) Prime Star Group Co. Ltd, wholly owned by Ms. Chan Yoke Keow (being a director of the Company), is a beneficiary of 488,166,207 shares (26.84%) of the Company;</li><li>(2) First Pacific International Limited, wholly owned by Ms. Chan Yoke Keow, is a beneficiary of 104,759,340 shares (5.76%) of the Company;</li><li>(3) Mr. Chan Heng Fai (the spouse of Ms. Chan Yoke Keow, being a director of the Company) owns 326,494,647 shares (17.95%) of the Company;</li><li>(4) Ms. Chan Yoke Keow (the spouse of Mr. Chan Heng Fai) owns 34,580,802 shares (1.9%) of the Company.</li></ol>
“Company”	Xpress Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of Sale Shares by the Vendor pursuant to the Agreement
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Independent Third Party” or “Independent Third Parties”	person(s) or company(ies) and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are third party(ies) who are not connected person(s) of the Company and is/are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as defined in the Listing Rules)
“Mr. Lee”	Mr. Lee Liat Cheng, beneficially interested in 40% of the issued share capital of AFT and is a director of AFT
“Purchaser”	Corporate Travel Singapore Holding Pte Ltd, a company incorporated in Singapore with limited liability
“Sale Shares”	60% of the issued and paid-up capital of AFT
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	SingXpress Investments Pte Ltd, a company incorporated in Singapore with limited liability which is an indirect wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent.

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

Hong Kong SAR, 11 December, 2008

*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, Ms. Chan Sook Jin, Mary-ann, Mr. Chan Tung Moe and non-executive director Mr. Fong Kwok Jen as well as independent non-executive directors Mr. Wong Dor Luk, Peter, Mr. Joao Paulo Da Roza and Ms. Chian Yat Ping.*