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XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code 185)

ANNOUNCEMENT POSSIBLE DISCLOSEABLE TRANSACTION

The Board announces that SingXpress proposes the Rights Issue and XCL has undertaken to make applications in excess of its pro rata entitlement to the CB under the Rights Issue and pay for not less than S\$7 million (approximately HK\$39.9 million) in aggregate principal amount of the CB (except the S\$5,431,800 in aggregate principal amount of the CB (approximately HK\$30,961,000) provisionally allotted to XCL of which XCL has undertaken to take up). In such event, XCL is required to pay for the Excess Application undertaken by it and the fulfilment of XCL's proposed undertaking commitment will constitute a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules.

PROPOSED RIGHTS ISSUE OF SINGXPRESS

Rights Issue statistics

Basis of Provisional Allotment : The Rights Issue will be made on a non-renounceable basis to entitled Shareholders on the basis of three (3) Convertible Bonds for every fifty (50) existing Shares held by entitled Shareholders as at the books closure date, fractional entitlements to be disregarded.

The Convertible Bonds

- Issue Size** : Up to S\$16,320,240 (approximately HK\$ 93,025,000) in aggregate principal amount of zero coupon Convertible Bonds due 2014.
- Issue Price** : 97% of the principal amount of the Convertible Bonds or S\$0.97 for each Convertible Bond.
- Maturity Date** : The fourth anniversary of the date of issue of the Convertible Bonds (the “**Maturity Date**”).
- Conversion Terms** : Holders of Convertible Bonds (“**Bondholders**”) have the right to convert any Convertible Bond into validly issued, fully-paid and unencumbered new Shares (the “**Conversion Shares**”) at any time after the date of issue of the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds and the requirements set forth in the trust deed constituting the Convertible Bonds.

The number of Conversion Shares to be issued on the conversion of each Convertible Bond will be determined by dividing the principal amount of each Convertible Bond by the Conversion Price (as defined below).

Fractions of a Share will not be issued on conversion and no adjustment or cash payment will be made in respect of such fractions of Shares.

- Conversion Price** : S\$0.03, subject to adjustments under certain circumstances provided for in the terms and conditions of the Convertible Bonds, represents a premium of 50% over the last transacted price of the Shares on Catalist board (“**Catalist**”) on 10 August 2010, being the last trading day on which trades were done on the Shares prior to the date of this announcement.
- Conversion Shares** : Based on S\$16,320,240 in aggregate principal amount of Convertible Bonds and a Conversion Price of S\$0.03, the number of Conversion Shares which may be allotted and issued by SingXpress pursuant to the full conversion of the Convertible Bonds will be 544,008,000 Conversion Shares.
- Conversion Period** : The Convertible Bonds may be converted at the prevailing Conversion Price into validly issued, fully-paid and unencumbered Conversion Shares, at the option of the Bondholder, at any time after the date of issue of the Convertible Bonds up to the Maturity Date, in accordance with the terms and conditions of the Convertible Bonds.

- Status of the Convertible Bonds** : The Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of SingXpress and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of SingXpress under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.
- Status of the Conversion Shares** : The Conversion Shares will, upon allotment and issue, rank pari passu in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which precedes the date of issue of the Conversion Shares.
- Redemption at Maturity** : Each Bondholder shall have the right, at such Bondholder's option, to require SingXpress to redeem all (but not less than all) of such Bondholder's Convertible Bonds on the Maturity Date at 100% of the unpaid principal amount as at the Maturity Date.
- Delisting Put Right** : In the event the Shares cease to be listed or admitted to trading on SGX-ST (a "**Delisting**"), each Bondholder shall have the right, at such Bondholder's option, to require SingXpress to redeem all (but not less than all) of such Bondholder's Convertible Bonds on the 20th business day after notice has been given to Bondholders regarding the Delisting at 100% of its principal amount.
- SingXpress Call Right** : Subject to the terms and conditions of the Convertible Bonds, the Convertible Bonds will be redeemable at the option of SingXpress in whole but not in part at 100% of its principal amount if at any time the aggregate principal amount of the Convertible Bonds outstanding is less than 10% of the aggregate principal amount originally issued.
- Listing of the Convertible Bonds and the Conversion Shares** : An application will be made by SingXpress to obtain the SGX-ST's approval for the listing of and quotation for the Convertible Bonds and the Conversion Shares.

The listing of the Convertible Bonds is subject to there being a sufficient spread of holdings to provide for an orderly market in the Convertible Bonds. The Rights Issue is conditional upon the receipt of the listing and quotation notice from the SGX-ST for the Conversion Shares to be listed on Catalist but is not conditional upon the SGX-ST's approval for the listing of the Convertible Bonds.

Trading of the Convertible Bonds and the Conversion Shares : Upon the listing and quotation for the Convertible Bonds and Conversion Shares on the SGX-ST, the Convertible Bonds and Conversion Shares, when issued, will be traded on the SGX-ST under the book entry (scripless) settlement system. For the purposes of trading on the SGX-ST, each board lot of Convertible Bonds will comprise 1,000 Convertible Bonds with a face value of S\$1,000 and each board lot of Conversion Shares will comprise 1,000 Shares.

Governing law : Laws of Singapore.

Approvals

The Rights Issue is subject to, *inter alia*, the following:

- (i) the approval of Shareholders for the Rights Issue being obtained at the EGM to be convened;
- (ii) the approval of the Securities Industry Council and the Shareholders for the Whitewash Waiver;
- (iii) the receipt of the listing and quotation notice from the SGX-ST for the Conversion Shares to be listed on the Catalist; and
- (iv) the lodgment of the offer information statement together with all other accompanying documents (if applicable), with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore.

UNDERTAKING ARRANGEMENT

Proportionate entitlement of XCL

Pursuant to the Undertaking Arrangement, XCL has conditionally undertaken to, *inter alia*:

- (i) subscribe and pay for its pro rata entitlement to the Convertible Bonds under the Rights Issue;
- (ii) make applications in excess of its pro rata entitlement and pay for not less than S\$7 million (approximately HK\$39.9 million) in aggregate principal amount of Convertible Bonds; and
- (iii) vote (in respect of all of its Shares) in favour of all resolutions proposed to be passed for the approval of the Rights Issue and the Acquisition at the EGM.

The Undertakings are subject to and conditional upon, *inter alia*, the following:

- (i) the approval of the Shareholders for the Rights Issue;
- (ii) the approval of the Securities Industry Council and the Shareholders for the Whitewash Waiver;
- (iii) the receipt of the listing and quotation notice by the SGX-ST for the Conversion Shares to be listed on the Catalist;
- (iv) the lodgment of the offer information statement together with all other accompanying documents (if applicable) with the SGX-ST acting as agent on behalf of Monetary Authority of Singapore; and
- (v) the closing date of the Rights Issue being on or before 31 December 2010.

INFORMATION OF SINGXPRESS

SingXpress is engaged in securities investments, property trading and properties investment business. As at the date of this announcement, XCL has interest in 90,530,000 Shares representing about 33.28% of the existing issued share capital of SingXpress and is accounted for as an associate company of the Group.

For the financial year ended 31 December 2009, the audited revenue of SingXpress was approximately S\$2,249,000 (approximately HK\$12,819,000) and the audited net loss before and after tax of SingXpress were approximately S\$1,236,000 (approximately HK\$7,045,000) and S\$1,237,000 (approximately HK\$7,051,000) respectively and the net asset value of SingXpress as at 31 December 2009 was S\$3,640,000 (approximately HK\$20,748,000). For the financial year ended 31 December 2008, the audited revenue of SingXpress was approximately S\$58,579,000 (approximately HK\$333,900,000) and the audited net loss before and after tax of SingXpress were approximately S\$4,140,000 (approximately HK\$23,598,000) and S\$4,193,000 (approximately HK\$23,900,100) respectively and the net asset value of SingXpress as at 31 December 2008 was S\$4,624,000 (approximately HK\$26,357,000).

On 1 July 2010, SingXpress announced that it has received an acceptance letter confirming the successful tender for the properties located in Foh Pin Mansion at Charlton Road, Singapore, and SingXpress has agreed to establish a joint venture company which shall be 80% owned by the SingXpress for the purpose of holding and re-developing the Properties. The estimated pro-rata commitment of the SingXpress for the Acquisition and the redevelopment of the Properties is S\$32.8 million (approximately HK\$187 million), which will be funded by bank borrowings and equity fund raising of SingXpress.

The Rights Issue is carried out primarily for the purpose of funding the Acquisition and the re-development of the Properties.

REASONS FOR THE UNDERTAKING ARRANGEMENT

The Group and SingXpress realized that the trading volume of the shares of SingXpress was low and this will make it very difficult for the Rights Issue to be underwritten by any financial institution, or if possible, would involve high underwriting commission and still subject to various conditions as usually related to underwriting agreement. Therefore, the Group considers the Undertaking Arrangement is necessary for the Rights Issue as it can fulfill the urgent need for additional funding to enable it to take advantage of the business opportunities and its position in the industry and express to the shareholders of SingXpress that the Group is confident in and committed to the longer term future and prospects of SingXpress which will bring financial benefit to the Group in the long run.

CHANGES IN SHAREHOLDING STRUCTURE OF SINGXPRESS ARISING FROM THE RIGHTS ISSUE

Table below set forth the changes in shareholding structure of SingXpress after the Rights Issue:

	As at the date of this announcement		Immediately after the Rights Issue and if all Shareholders take up their respective provisional allotments of the Rights Issue and convert all CB in full		Immediately after the Rights Issue and if all Shareholders do not take up their respective provisional allotments and only XCL is required to take up the Excess Application pursuant to the Undertaking Arrangement and convert all CB in full	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
XCL	90,530,000	33.28	271,590,000	33.28	504,923,333	73.56
Public	181,474,000	66.72	544,422,000	66.72	181,474,000	26.44
Total	<u>272,004,000</u>	<u>100</u>	<u>816,012,000</u>	<u>100</u>	<u>686,397,333</u>	<u>100</u>

POSSIBLE DISCLOSEABLE TRANSACTION

Pursuant to the Undertaking Arrangement, XCL is obliged to make applications in excess of its pro rata entitlement to the CB under the Rights Issue and pay for not less than S\$7 million (approximately HK\$39.9 million) in aggregate principal amount of the CB (except the S\$5,431,800 in aggregate principal amount of the CB (approximately HK\$30,961,000) provisionally allotted to XCL of which XCL has undertaken to take up). In such event, XCL is required to pay for the Excess Application undertaken by it and the fulfilment of XCL's proposed undertaking commitment will constitute a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules.

The funding for XCL direct entitlements and the subscribe for the CB by way of Excess Application will be financed by the Group's internal resources.

The Group is engaged in property investment, financial services and securities investments, including corporate finance, consumer finance and hotel operation. In the event that XCL is called upon to make the Excess Application in accordance with its obligation under the Undertaking Arrangement and assuming all CB are fully converted, the aggregate shareholding interests of XCL will increase to approximately 73.56% of the issued share capital of SingXpress as enlarged by the issue of the Conversion Shares and SingXpress will become a subsidiary of the Company.

The Directors consider that the entering into the Undertaking Arrangement by XCL would enable XCL to support in SingXpress since the Undertakings will ensure the Rights Issue is substantially subscribed and prevent it from underwritten by any financial institution. The Rights Issue can strengthen the capital base of SingXpress upon conversion of the CB and provide additional working capital for the expansion of SingXpress' property related business activities and improve profitability prospects. Accordingly, the Directors believe that the entering into the Undertaking Arrangement is in the best interests of the Company and its shareholders as a whole.

The Directors consider that the terms of the Undertaking Arrangement and the Issue Price of the CB and the Subscription Monies payable are fair and reasonable so far as the Company and the shareholders of the Company are concerned.

DEFINITIONS

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

“Acquisition”	The successful tender for the acquisition of the Properties by SingXpress
“associate”	has the meaning defined in Chapter 1 of the Listing Rules
“Board”	the board of Directors
“Company”	Xpress Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Convertible Bonds”	up to S\$16,320,240 in aggregate principal amount of zero coupon convertible bonds due 2014 to be issued by SingXpress pursuant to the Rights Issue
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of SingXpress to be convened for the purposes of considering, among other things, the Rights Issue
“Excess Application”	XCL to apply for not less than S\$7 million in aggregate principal amount of Convertible Bonds in excess of its provisional allotments under the Rights Issue in pursuant to the Undertakings
“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
“Independent Shareholders”	Shareholders other than XCL, its associates and parties acting in concert with them
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	The existing block of 21 units of walk-up apartments located in Foh Pin Mansion at Charlton Road, Singapore
“Rights Issue”	the proposed non-renounceable and non-underwritten rights issue of the Convertible Bonds, on the basis of three (3) Convertible Bonds for every fifty (50) existing Shares at the Issue Price, pursuant to the terms and conditions of the rights issue
“Share(s)”	share(s) in the share capital of the SingXpress
“Shareholder(s)”	shareholder(s) of SingXpress
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SingXpress”	SingXpress Ltd, a company incorporated in Singapore with limited liability, the shares of which are listed on the SGX-ST Catalist board
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Monies”	the subscription monies which will be payable by XCL to SingXpress in respect of the CB to be issued to XCL, including the CB which will be issued in the event that XCL is required to fulfill its obligation under the Undertaking Arrangement
“Undertaking Arrangement” or “Undertakings”	the undertakings given by XCL to SingXpress in relation to the Rights Issue

“Whitewash Resolution”	the resolution to be approved by way of a poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a general offer for SingXpress from XCL pursuant to Rule 14 of the Singapore Code and the Whitewash Waiver
“Whitewash Waiver”	the waiver granted by the Securities Industry Council of the requirement for XCL to make a mandatory general offer to the other Shareholders to acquire their Shares under Rule 14 of the Singapore Code on Take-overs and Mergers, as a result of the acquisition of and conversion of the Convertible Bonds into Conversion Shares pursuant to the Rights Issue, subject to the satisfaction of any conditions as may be imposed by the Securities Industry Council
“XCL”	Xpress Credit Limited, 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, 13 August 2010

As at the date of this announcement, the Board comprises of the executive directors Mr. Chan Heng Fai, Mr. Chan Tong Wan, Ms. Chan Yoke Keow and non-executive director Mr. Fong Kwok Jen as well as independent non-executive directors Mr. Wong Dor Luk, Peter, Mr. Joao Paulo Da Roza and Mr. Wong Tat Keung.