

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 you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

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

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XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

GRANT OF SHARE OPTIONS

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

 **川盟融資有限公司**
Chanceton Capital Partners Limited

A notice convening an extraordinary general meeting of Xpress Group Limited to be held at Club Lusitano, 24th Floor, 16 Ice House Street, Central, Hong Kong on Thursday, September 2, 2010 at 10:15 a.m. is set out on page 14 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's registered office at 24/F, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting if you so wish.

17 August, 2010

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DEFINITIONS

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

“associates”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Xpress Group Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Date of Grant”	6 August 2010
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened at Club Lusitano, 24th Floor, 16 Ice House Street, Central, Hong Kong on Thursday, September 2, 2010 to consider and, if appropriate, approve the resolution contained in the notice of the meeting which is set out on page 14 of this circular
“Existing Options”	The options (other than the Share Options) which have been granted to Mr. Chan under the Share Option Scheme as at the Latest Practicable Date
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	An independent committee of the Board established by the Board to advise the Independent Shareholders in respect of grant of Share Options

DEFINITIONS

“Independent Financial Adviser” or “Chanceton Capital”	Chanceton Capital Partners Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the grant of Share Option
“Independent Shareholders”	Shareholders other than the connected persons of the Company
“Latest Practicable Date”	13 August 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Heng Fai, a director of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company currently in issue
“Share Option(s)”	the 400,000,000 options proposed to be granted to Mr. Chan
“Share Option Scheme”	the share option scheme of the Company adopted on May 9, 2003
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

17 August 2010

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

Dear Sir or Madam,

GRANT OF SHARE OPTIONS

INTRODUCTION

On 6 August, 2010, the Board has resolved to grant 400,000,000 share options to Mr. Chan, the Chairman and an executive director of the Company, under the share option scheme of the Company adopted on 9 May, 2003. However, the grant of Options is still subject to the Independent Shareholders' approval to be obtained by the Company in accordance with the Listing Rules and details of which are set out in the paragraph headed "Relevant Requirements of the Listing Rules" below.

The purpose of this circular is to provide you with the information relating to (i) the proposed grant of Share Options to Mr. Chan; and (ii) the notice of EGM.

LETTER FROM THE BOARD

THE SHARE OPTIONS

The Share Options shall entitle Mr. Chan to subscribe for 400,000,000 Shares. A summary of such grant is set out below:-

Date of grant	:	6 August, 2010
Exercise price of Share Options granted	:	HK\$0.134 per Share, which represents the highest of (i) the closing price of HK\$0.133 per Share as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 August, 2010, being the Date of Grant; (ii) the average closing price of HK\$0.134 per Share as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of the Share.
Number of Share Options granted	:	400,000,000 share options
Closing price of the Shares on the Date of Grant	:	HK\$0.133 per Share
Validity period of the Share Options	:	From the Date of Grant to the expiry of the Share Option Scheme on 8 May, 2013
Vesting condition	:	Fully vested immediately

RELEVANT REQUIREMENTS OF THE LISTING RULES

The 400,000,000 Shares to be issued upon exercise of the Share Options represent approximately 15.15% of the total issued share capital of the Company as at the Latest Practicable Date. As the Shares to be issued upon exercise of the Share Options will be in excess of the 10% scheme mandate limit under the Share Option Scheme, according to Rule 17.03(3) of the Listing Rules, the Company must seek separate approval from the Shareholders in a general meeting for the grant of the Share Options.

In accordance with the note to Rule 17.03(4) of the Listing Rules, as the grant of the Share Options to Mr. Chan would result in the Shares to be issued upon exercise of all options granted and to be granted to him in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total issued share capital of the Company, the grant of the Share Options must be approved by the Shareholders in general meeting with Mr. Chan and his associates (hold 1,749,323,644 Shares representing about 66.24% of the issued share capital of the Company) abstaining from voting.

Pursuant to Rule 17.04(1) of the Listing Rules, as Mr. Chan is a substantial Shareholder and the grant of the Share Options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to him in the 12-month

LETTER FROM THE BOARD

period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company and having an aggregate value in excess of HK\$5 million, such grant of Share Options to Mr. Chan must also be approved by independent non-executive directors of the Company which had been obtained on the Date of Grant and the Shareholders in general meeting with all connected persons (hold 1,779,516,964 Shares representing about 67.38% of the issued share capital of the Company) of the Company abstaining from voting in favour at the general meeting of the Company.

REASONS FOR THE GRANT OF THE SHARE OPTIONS

Mr. Chan is the Chairman and an executive director of the Group. The Share Options proposed to be granted to him in recognition of his past contribution to the business performance of the Group and as an incentive for his continuing commitment and contribution to the Group in the future. There was no option granted to Mr. Chan in the 12-month period up to and including the Date of Grant. The following table illustrates the changes in the shareholdings of Mr. Chan in the issued share capital of the Company upon the exercise in full of all the Existing Options and the Share Options:

	Number of Shares held as at the Latest Practicable Date	Percentage of Shares held to the issued share capital of the Company as at the Latest Practicable Date	Number of Shares held upon exercise in full of the Existing Options	Percentage of Shares held upon exercise in full of the Existing Options to the enlarged issued share capital of the Company as enlarged by the exercise in full of the Existing Options	Number of Shares held upon exercise in full of the Share Options	Percentage of Shares held upon exercise in full of the Share Options to the enlarged issued share capital of the Company as enlarged by the exercise in full of the Share Options	Number of Shares held upon exercise in full of the Existing Options and the Share Options	Percentage shareholding upon exercise in full of the Existing Options and the Share Options to the enlarged issued share capital of the Company as enlarged by the exercise in full of the Existing Options and the Share Options
Mr. Chan	1,039,395,486	39.36%	1,212,289,286	43.08%	1,439,395,486	47.34%	1,612,289,286	50.17%
Ms. Chan	709,928,158	26.88%	709,928,158	25.23%	709,928,158	23.35%	709,928,158	22.09%
Others	891,512,406	33.76%	891,512,406	31.68%	891,512,406	29.32%	891,512,406	27.74%
Total	2,640,836,050	100.00%	2,813,729,850	100.00%	3,040,836,050	100.00%	3,213,729,850	100.00%

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the new Shares upon exercise of the Share Options.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the EGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

EGM

Set out in this circular is a notice convening the EGM which will be held on Thursday, September 2, 2010 at 10:15 a.m. at Club Lusitano, 24th Floor, 16 Ice House Street, Central, Hong Kong at which resolutions will be proposed to approve the grant of Share Options.

The form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it as soon as possible to the registered office of the Company, and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment of it. Delivery of a form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 7 of this circular which contains its recommendations to the Independent Shareholders as to voting at the EGM regarding the grant of Share Options and the letter received from Chanceton Capital Partners Limited which contains its advice to the Independent Board Committee in connected with the grant of Share Options. The grant of Share Options provide incentive for Mr. Chan to actively involve and contribute to the Group in order to make the Group more profitable and eventually benefits the share price of the Company. Existing Shareholders can also benefits from further contribution from Mr. Chan reflected in the share price of the Company and the determination of exercise price of the Share Options is based on the requirements of the Listing Rules. As no discount had been provided to Mr. Chan, the interests of existing Shareholders were not diluted at the time of grant. The Directors (including the independent non-executive Directors) consider that the terms of the Share Options are fair and reasonable. Accordingly, the Directors recommend Shareholders to vote in favour of the resolution to be proposed at the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong 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 document 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.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee which has been prepared for the purpose of inclusion in this circular:



XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

17 August 2010

To the Independent Shareholders

Dear Sir or Madam,

As the Independent Board Committee, we have been appointed to advise you in connection with the grant of Share Options to Mr. Chan are fair and reasonable so far as the Independent Shareholders are concerned. Chanceton Capital Partners Limited has been appointed as the independent financial adviser to advise us in this respect.

Having considered the principal reasons and factors considered by, and the advice of Chanceton Capital Partners Limited as set out on pages 8 to 13 of the Circular, we are of the opinion that the grant of Share Options to Mr. Chan are fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommend that you vote in favour of the resolution to be proposed at the EGM to approve the grant of Share Options to Mr. Chan.

Yours faithfully
For and on behalf of
Independent Board Committee

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Chanceton Capital Partners Limited, the Independent Financial Adviser to the Independent Board Committee and the Shareholders regarding the grant of the Share Options and the transactions contemplated thereunder for the purpose of inclusion in this circular.



Unit A, 23/F., CMA Building,
64-66 Connaught Road Central, Hong Kong

*To: The Independent Board Committee
and the Independent Shareholders*

August 17, 2010

Dear Sirs or Madam,

GRANT OF OPTIONS TO THE CHAIRMAN

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and Independent Shareholders in connection with the grant of Share Options to Mr. Chan, the chairman and an executive director of the Company, details of which are set out in the “Letter from the Board” in the circular (the “Circular”) issued by the Company to the Shareholders dated August 17, 2010 of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular of which this letter forms part unless the content otherwise requires.

On August 6, 2010, the Board resolved to grant 400,000,000 options (Shares issued upon exercise of these options represents approximately 15.15% of the total issued share capital of the Company as at the Latest Practicable Date) under the Share Option Scheme to Mr. Chan, the chairman and an executive director of the Company (Mr. Chan and his associates together held 66.24% of the total issued share capital of the Company as at the Latest Practicable Date).

After the grant of the Share Options, Mr. Chan shall be interested in the Share Options which would result in the grant of aggregate 572,893,800 Shares representing approximately 21.69% of the total issued share capital of the Company as at the Latest Practicable Date. As the Shares to be issued upon exercise of the Share Options will be in excess of the 10% scheme mandate limit under the Share Option Scheme, according to Rule 17.03(3) of the Listing Rules, the Company must seek separate approval from the Shareholders in a general meeting for the grant of the Share Options.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In accordance with the note to Rule 17.03(4) of the Listing Rules, as the grant of the Share Options would result in the Shares to be issued upon exercise of all options granted and to be granted to him in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total issued share capital of the Company, the grant of the Share Options must be approved by the Shareholders in the EGM with Mr. Chan and his associates (hold 1,749,323,644 Shares representing about 66.24% of the issued share capital of the Company) abstaining from voting.

Pursuant to Rule 17.04(1) of the Listing Rules, as Mr. Chan is a substantial Shareholder and the grant of the Share Options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to him in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company and having an aggregate value in excess of HK\$5 million, such grant of Share Options must also be approved by the Shareholders in general meeting with all connected persons (hold 1,779,516,964 Shares representing about 67.38% of the issued share capital of the Company) of the Company abstaining from voting in favour at the EGM.

The Independent Board Committee, comprising Mr. Wong Dor Luk, Peter, Mr. Joao Paulo Da Roza and Mr. Wong Tat Keung, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the grant of Share Options is fair and reasonable so far as the Independent Shareholders are concerned and whether the grant of Share Options to Mr. Chan is in the interests of the Company and the Independent Shareholders as a whole.

In formulating our view and recommendation to the Independent Board Committee and Independent Shareholders in relation to the grant of Share Options, we have relied on the accuracy of the information and representations contained in the Circular which have been provided to us by the Directors and which the Directors consider to be complete and relevant. We are not aware that any statements, information and representations made or referred to in the Circular, for which the Directors are solely responsible, were untrue and incorrect in all respects at the time when they were made and continued to be so as at the date of the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular are reasonably made after due and careful enquiry and are based on honestly-held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and we have been advised by the Directors that no material facts have been omitted from the information and representations provided in and referred to in the Circular.

We consider that we have received sufficient information to enable us to reach an informed view and to justify our reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our view and recommendation. We have no reason to suspect that any material information has been withheld by the Company or by the Directors. We have not, however, carried out any independent in-depth investigation into the business and affairs of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and Independent Shareholders in relation to the grant of Share Options to Mr. Chan, we have considered the principal factors and reasons set out below:

Background

At the extraordinary general meeting of the company held on May 9, 2003, the Shareholders approved and adopted by an ordinary resolution the Share Option Scheme whereby the Directors were authorised to grant options to employees or Directors of the Group or any other specified participants who, in the absolute opinion of the Board, have contributed to the Group. Pursuant to which, the Directors were allowed to grant options under the Share Option Scheme and other share options schemes carrying the right to subscribe for a maximum of 10% of the Company's issued capital as at the date of approval of the Share Option Scheme.

Terms of the Share Options

The following are the details of the Share Options granted to Mr. Chan under the Share Option Scheme:

(a) Duration and the condition

The Share Options have a life from the date of the acceptance of the Share Options to May 8, 2013 ("Life"). Pursuant to the Share Option Scheme, the Board may at its absolute discretion specify such conditions as it may think fit when granting the options under the Share Option Scheme.

(b) Exercise price

The exercise price of the Share Options granted is HK\$0.134 per Share, which represents the average closing price of the Shares of HK\$0.134 as quoted on the Stock Exchange for the five business days immediately preceding the Date of Grant, and represent a premium of approximately 0.80% over the closing price of the Shares of HK\$0.133 as quoted on the Stock Exchange on August 6, 2010.

(c) Reasons for the grant of the Share Options

The purpose of the Share Option Scheme is to motivate (a) an executive or an employee of any member of the Group; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides research, development or other technological support or any advisory, consultancy, professional services to any member of the Group; and (g) a landlord or tenant (including sub-tenant) of any

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

member of the Group (“Eligible Persons”) to optimise their future contribution to the Group and/ or to reward them for their past contribution who are significant to the performance, growth or success of the Group. Mr. Chan is the Chairman and an executive director of the Company, the Share Options are proposed to be granted to him in recognition of his contribution to the growth of the Group in the past and as an incentive for his continuing commitment and contribution to the growth of the Group in the future.

Rationale for awarding Share Options to Mr. Chan

As stated in the Share Option Scheme, the purpose of it is to advance the interests of the Company and its Shareholders by enabling the Company to grant options to attract, to retain and reward Eligible Persons, to provide to the Eligible Persons a performance incentive for continued and improved services with the Group, and to enhance such persons’ contribution to increase the profits of the Group by encouraging capital accumulation and Share ownership.

Substantial increase in consolidated profit for the year ended 31 March 2010

Mr. Chan is currently the managing chairman of the Company. Mr. Chan has been an executive director of the Company since September 1992 showing his loyalty to the Group. According to the Directors, Mr. Chan has been actively involved in the day to day management of the Group and placed significant contribution in setting the strategic direction of the Group. Under the leadership of Mr. Chan, the Group survived from the negative effects caused by the deep global financial crisis in the later part of 2008 and recovered quickly in 2009. Reference to the annual report 2010 of the Company, the consolidated profit for the year 2010 attributable to owners of the Company was approximately HK\$191 million compared to a consolidated loss of HK\$111.6 million in the previous year. The dramatic improvement was due to the net gains from sales of the investment in securities at fair value and the unrealized fair value gain on revaluation of investment properties held as a result of the recovery of the stock market and property market during the year. According to the management of the Company, most of the investment decisions made during the year, including the acquisition of two properties situated in Hong Kong for an aggregate consideration of HK\$56 million; the acquisition of two properties situated in Singapore for an aggregate consideration of S\$2.65 million; the disposal of the Group entire interests in Novena Holdings Limited and the acquisition of the 100% equity interest in Expats Residences Pte Ltd which lead to the substantial increase of the consolidated profit after tax of the Group, were mainly contributed by Mr. Chan.

In view of this, we concur with the Directors that Mr. Chan is one of the key drivers of the Group’s performance and success. Therefore, granting the Share Options is to reward Mr. Chan in recognition of his services and contribution to the Company and it is a means to providing incentive to retain Mr. Chan as the managing chairman to further success of the Company. In this regards, we are of the view that granting Share Options to Mr. Chan is reasonable and within the ambit of the purpose of the Share Option Scheme.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Fairness of exercise price

Under the Share Option Scheme and the Listing Rules, the exercise price is required to tie to the share value at and around the date of grant to avoid substantial discount provided to the grantee. Therefore, the exercise price was set to benefit both the grantee and the Company. The exercise price represents the average closing price of the Shares of HK\$0.134 as quoted on the Stock Exchange for the five business days immediately preceding the Date of Grant, and represent a premium of approximately 0.80% over the closing price of the Shares of HK\$0.133 as quoted on the Stock Exchange on August 6, 2010. It provides incentive for Mr. Chan to actively involve and contribute to the Group in order to make the Group more profitable and eventually benefits the Share price of the Company. Existing Shareholders can also benefits from further contribution from Mr. Chan reflected in the Share price of the Company. The Directors confirmed that the determination of exercise price of the Share Options is based on the requirements of Rule 17.03(9). As no discount had been provided to the grantee, the interests of existing Shareholders were not diluted at the time of grant and therefore, we are of the view that the basis of the exercise price of the Share Options is justifiable and we concur with the Directors that the exercise price is in the interest of the Company and the Shareholders as a whole.

Benefits of the options as incentive scheme

The Directors have informed us that in view of the strategy and development plans of the Group, they believe that a merit-based incentive scheme will further align the interests of Eligible Persons with that of the Group.

In this connection, the Directors have considered several methods of providing incentives to the grantees, including lump sum cash bonuses, profit sharing schemes as well as the grant of options. After careful consideration of the various alternatives, the Directors consider that the grant of options to be most appropriate and in the best interest of the Group and the Independent Shareholders given that, as opposed to the other alternatives, a grant of options will enable the Group to conserve its cash resources while allowing added incentives to Eligible Persons. Since the economic benefits of options rely on an improvement in the Share prices of the Company, the benefit of the options will only be realized when all the Shareholders are also in a position to benefit.

The Directors therefore propose that, based on the respective Mr. Chan's seniority and length of service, he is granted with the Share Options.

Cash flow implication

Upon exercise of the Share Options, it will generate a maximum of approximately HK\$54 million to the Company. Furthermore, granting of Share Options is a comparatively more suitable method than awarding cash bonuses to Mr. Chan in order to prevent cash outflow which may instantly affects cash position of the Company. In this regards, we are of the view that granting Share Options to Mr. Chan not only prevent cash outflow of the Group, but also enhance the cash flow position of the Group upon exercise of the Share Options.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Potential impact to shareholding of the Independent Shareholders

We set out below a shareholding table depicting the changes in the shareholdings of Mr. Chan and with all his connected persons in the issued share capital of the Company upon exercise in full of the Share Options:

	Number of Shares held as at the Latest Practicable Date	Percentage of Shares held to the issued share capital of the Company as at the Latest Practicable Date	Number of Shares held upon exercise in full of the Share Options	Percentage of Shares held upon exercise in full of the Share Options to the enlarged issued share capital of the Company as enlarged by the exercise in full of the Share Options
Mr. Chan and his associates	1,749,323,644	66.24%	2,149,323,644	70.68%
Public	891,512,406	33.76%	891,512,406	29.32%
Total	2,640,836,050	100%	3,040,836,050	100%

* Assuming no options, which have been granted to Mr. Chan and his associates under the Share Option Scheme and previous share option scheme adopted on September 28, 1995 as at the Latest Practicable Date, has been exercised.

As set out in the shareholding table, a total of 400,000,000 new Shares will be allotted and issued after the exercise of Share Options, representing approximately 15.15% of the total issued share capital of the Company as at the Latest Practicable Date and approximately 13.15% of the issued share capital of the Company as enlarged by the exercise in full of the Share Options. In such event, upon fully exercised of the Share Options, Mr. Chan together with his associates in the voting rights of the Company would increased from approximately 66.24% to approximately 70.68%, and the shareholding interest of the existing public Shareholders will be decreased from approximately 33.76% to 29.32%. We consider that the dilution of the Independent Shareholders' interest in the Company, as a consequence of the grant of Share Options is acceptable after taking into account (i) the reasons for the grant of Share Options as stated in the section headed "Rationale for awarding Share Options to Mr. Chan" above; (ii) the exercise price represents a premium of approximately 0.80% over the closing price of the Shares of HK\$0.133 as quoted on the Stock Exchange on August 6, 2010; and (iii) the grant of the Share Options will allow the Company not only to retain its cash resources for its day to day operations and future developments but also enhance the cashflow position of the Group upon the exercise of the Share Options.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into consideration of the above reasons and principal factors, we are of the view that the grant of Share Options is fair and reasonable, so far as the Independent Shareholders are concerned and that the grant of Share Options is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the grant of Share Options to Mr. Chan and we also recommend the Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Chanceton Capital Partners Limited
WONG Kam Wah
Managing Director

NOTICE OF EGM



XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Xpress Group Limited (the "Company") will be held at Club Lusitano, 24th Floor, 16 Ice House Street, Central, Hong Kong on Thursday, September 2, 2010 at 10:15 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendment, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"THAT

- (i) subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the shares of HK\$0.01 each in the capital of the Company to be issued pursuant to the exercise of options which may be granted under this Resolution, the directors of the Company be and are hereby authorized to grant to Mr. Chan Heng Fai ("Mr. Chan") options to subscribe for 400,000,000 ordinary shares ("Share Options") of HK\$0.01 each in the capital of the Company at the subscription price of HK\$0.134 per share; and
- (ii) the directors of the Company or a duly authorized committee thereof be and are hereby authorized to do any act or thing to sign, seal, execute and/or deliver any documents for and on behalf of the Company as may be necessary, desirable or expedient in connection with the grant of the Share Options to Mr. Chan."

By Order of the Board
Chan Tong Wan
Managing Director

Hong Kong, dated 17 August 2010

Registered office:
24/F, Wyndham Place,
40-44 Wyndham Street,
Central,
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notorially certified copy of such power or authority shall be deposited at the registered office of the Company in Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.