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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

POSSIBLE MAJOR TRANSACTION

17 September, 2010

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DEFINITIONS

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

“Acquisition”	The successful tender for the acquisition of the Properties by SingXpress and ACT
“ACT”	ACT Holdings Pte Ltd, a company established under the laws of Singapore
“Agreement”	The term sheet date 28 June 2010 entered into by the Company, SingXpress and ACT relating to, inter alia, the establishment of the JV Company upon successful tender for the acquisition of the Properties
“ASHPL”	ACT Seaview Homes Pte Ltd, a company established under the laws of Singapore
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Closely Allied Group of Shareholders”	<ol style="list-style-type: none">(1) Prime Star Group Co. Ltd, wholly owned by Ms. Chan Yoke Keow (being a director of the Company), is a beneficiary of 585,800,065 shares (22.18%) of the Company;(2) Mr. Chan Heng Fai (the spouse of Ms. Chan Yoke Keow, being a director of the Company) owns 1,039,395,486 shares (39.36%) of the Company; and(3) Ms. Chan Yoke Keow (the spouse of Mr. Chan Heng Fai) owns 45,279,741 shares (1.71%) of the Company.
“Company”	Xpress Group Limited, a company incorporated in Hong Kong with limited liability and whose Shares are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Company”	A joint venture company established under the laws of Singapore and to be formed by SingXpress and ACT pursuant to the Agreement, which shall own and redevelop the Properties
“Khattar Wong”	The lawyer acting for the vendors for the sale of the Properties. Khattar Wong and the Vendors of the Properties are third party 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.
“Latest Practicable Date”	13 September 2010
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Project”	the project of owning and redeveloping the Properties
“Properties”	the existing block of 21 units of walk-up apartments located in Foh Pin Mansion at Charlton Road, Singapore
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“XCL”	Xpress Credit Limited, an indirect wholly owned subsidiary of the Company
“%”	per cent.

In this circular, the exchange rate of S\$1 to HK\$5.55 have been used for reference only.

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 September 2010

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

Dear Sir or Madam,

POSSIBLE MAJOR TRANSACTION

INTRODUCTION

On 2 July 2010, the Company announced that on 28 June 2010, the Company entered into the Agreement with SingXpress and ACT, pursuant to which, SingXpress and ACT agreed to jointly establish the JV Company to carry out the Project and if SingXpress is unable to go ahead with the Project for any reason, the Company has agreed to stand behind the transaction and will assume all the rights and obligations in the JV Company in respect of the Project from SingXpress.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the formation of the JV Company and the Acquisition are greater than 25% but less than 100%, the formation of the JV Company and the Acquisition will constitute 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. The purpose of this circular is to provide you with details regarding the Acquisition.

LETTER FROM THE BOARD

AGREEMENT

Date of Agreement

28 June 2010

Parties to the Agreement

- (a) the Company;
- (b) SingXpress; and
- (c) ACT

As at the Latest Practicable Date, to the best of knowledge, information and belief of the Directors having made all reasonable enquiries, ACT is third party 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.

As at the Latest Practicable Date, XCL has interest in 90,530,000 Shares representing about 33.3% of the existing issued share capital of SingXpress and is accounted for as an associate company of the Group. To the best of the directors' knowledge, information and belief having made all reasonable enquiry, SingXpress is third party 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.

On 29 June 2010, SingXpress together with ACT have made a successful tender for the Properties at a price of S\$21,200,000 (amended to S\$21,400,000 after the S\$200,000 adjustment under the closing condition that 100% vendors' consent to sale has been obtained before 28 July 2010). SingXpress and its joint venture partner, ACT have agreed to establish a JV Company which shall be owned 80% by SingXpress and 20% by ACT for the purpose of holding and re-developing the Properties. Brief details of the JV Company are as follows:

(I) Parties to the JV Company:

1. SingXpress; and
2. ASHPL, a wholly-owned subsidiary of ACT

To the best of the Directors' information, knowledge and belief (upon making reasonable enquiries), ASHPL and ACT and their respective ultimate beneficial owners are independent third parties and are not connected persons of the Company.

LETTER FROM THE BOARD

(II) Key information on the JV Company:

Purpose of the JV Company

The JV Company will be formed for the principal purpose of owning and redeveloping the Properties.

The Properties is an existing block of 21 units of walk-up apartments covering a total site area of approximately 3,173 square meter. The permissible total gross floor area for construction is approximately 4,292 square meter for residential use.

It is intended that the Properties will be redeveloped into not more than 21 Cluster terrace housing units.

Formation and ownership of the JV Company

The JV Company allotted 800,000 shares to SingXpress and 200,000 shares to ASHPL. The JV Company is owned as to 80% by SingXpress and as to 20% by ASHPL.

The board of directors of the JV Company comprises of six directors, two of whom are nominated by ASHPL and four of whom are nominated by SingXpress.

Financing of the JV Company

SingXpress and ASHPL will provide an initial funding (by way of equity and shareholders' loans) to the JV Company for an aggregate amount of S\$7,000,000 (approximately HK\$38,850,000) according to their respective interests in the JV Company. The balance of the funding required by the JV Company for the Project may be financed by way of shareholders' loans on a several and pro-rata basis, by reference to the respective interests in the JV Company held by SingXpress and ASHPL and project financing as deemed appropriate by the board of the JV Company from time to time.

Profit Sharing

SingXpress and ASHPL have agreed that any profit derived from the redevelopment of the Properties will be apportioned between SingXpress and ASHPL on a pro-rata basis, by reference to their respective interests in the JV Company.

(III) Commitment of the Group under the JV Company

The total commitment of the JV Company for the Acquisition and redevelopment of the Properties will be approximately S\$41,200,000 (approximately HK\$228,660,000). This comprises the purchase consideration for the Acquisition of approximately S\$21,400,000 (approximately HK\$118,770,000) (after the S\$200,000 adjustments under the closing

LETTER FROM THE BOARD

condition that 100% vendors' consent to sale has been obtained before 28 July 2010), the construction cost for the Properties, which is presently estimated to be approximately S\$14,800,000 (approximately HK\$82,140,000), and other costs of approximately S\$5,000,000 (approximately HK\$27,750,000). On this basis, the estimated pro-rata commitment of SingXpress for the Project is S\$32,960,000 (approximately HK\$182,928,000). The tender price of S\$21,200,000 (approximately HK\$117,660,000) for the Acquisition was submitted after taking into consideration the recent transacted prices of new cluster terrace homes in the vicinity, such as Cerelia Vista, which were sold earlier this year at prices of between S\$2,100,000 (approximately HK\$11,655,000) and S\$2,400,000 (approximately HK\$13,320,000) each. The Acquisition is expected to be completed in November 2010.

At the date of the Agreement, the Acquisition constitutes a very substantial acquisition of SingXpress pursuant to the Singapore listing rules, therefore it is subject to approval by the shareholders of SingXpress at the extraordinary general meeting and the approval cannot be ascertain when SingXpress submitted the tender. The Directors consider that the inclusion of the Company as a party in the Agreement would give SingXpress and the Group greater flexibility in the Acquisition and will enable SingXpress and/or the Group to participate in property development in Singapore.

An application was made by SingXpress to the SGX-ST for a waiver from the requirements of Singapore listing rules and classified the Proposed Acquisition as a major transaction of SingXpress. On 6 August 2010, SingXpress has obtained the conditional approval from the SGX-ST that the Acquisition does not constitute a very substantial acquisition or reverse takeover that falls under the Singapore listing rules and the approval of shareholders of SingXpress for the Proposed Acquisition at the general meeting is required. The general meeting of SingXpress is expected to be held on early of October 2010. If SingXpress is unable to go ahead with the Acquisition for any reason, the Company will assume all the rights and obligations in the JV Company in respect of the Project from SingXpress and the JV Company will become a 80% owned subsidiary of the Company and its results will be consolidated into the financial statements of the Group. The Company may finance its portion of the funding requirements by internal resources, corporate banking facilities and project financing or from other sources as deemed appropriate by the Board from time to time.

Information of ACT and ASHPL

ASHPL is a wholly-owned subsidiary of ACT Holdings Pte Ltd and is a property development and investment company focused on developing luxury residential properties in Singapore. Previously, ASHPL has successfully developed the Ventana, comprising 39 units of apartments on Pasir Panjang Hill, and 3 seaview bungalows on Sentosa Cove. The principal subsidiaries of ACT are mainly engaged in property development and investment in the USA and Singapore.

Information of SingXpress

SingXpress is engaged in securities investments and property investment and property trading business. As at the Latest Practicable Date, XCL has interest in 90,530,000 shares representing about 33.3% of the existing issued share capital of SingXpress and is accounted for as an associate company of the Group.

LETTER FROM THE BOARD

Reasons for the formation of the JV Company

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

The Acquisition of the Properties is in line with the current property related activities of SingXpress and the Group. The Directors are optimistic about the property market in Singapore, especially the luxury residential sector. The Board believes that the Acquisition of the interest in the Properties through the JV Company will not only enhance SingXpress' asset portfolio but also strengthen the position of SingXpress in the luxury residential market in Singapore and it is believed that the Group will be benefit from this business opportunity of SingXpress. Should SingXpress is unable to go ahead with the Acquisition for any reason, the Company will participate directly in the Project to enhance the Group's asset portfolio and strengthen the position of the Group in the luxury residential market in Singapore.

For illustration purpose only, assuming that the Company will undertake the Project and the JV Company, the accounts of the JV Company will be consolidated with that of the Group and it is expected that there is no any material effect on the net assets and liabilities of the Group. Given the prospects of JV Company, the Group expects that its earnings will be enhanced in future and its assets will thereby be increased.

The Directors consider that the terms of the JV Company are on normal commercial terms, and are fair and reasonable so far as the Company and the Shareholders are concerned, and that the term of the Agreement is in the interest of the Company and the Shareholders as a whole. If a general meeting of the Shareholders is to be held for the purpose of considering and, if thought fit, approving the Agreement and the formation of the JV Company, the Directors would recommend the Shareholders to vote in favour of the ordinary resolution(s) in respect of approving the Agreement together with the formation of the JV Company.

Written approval of the execution and performance of the Agreement and the transactions thereby contemplated was on 2 July 2010 obtained from a Closely Allied Group of Shareholders who together holding approximately 63.25% of the current issued share capital of the Company. As no shareholders of the Company has a material interest on the Agreement and 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.

GENERAL

Your attention is also drawn to the property valuation and the additional information set out in the Appendices to this circular.

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

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Avista Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 30 June 2010 of the property interest of the Group.



Suite 1503, 15/F Top Glory Tower, 262 Gloucester Road,
Causeway Bay, Hong Kong.

info@avaval.com

www.avaval.com

Date: 17 September 2010

The Board of Directors
Xpress Group Limited
24/F., Wyndham Place
40 – 44 Wyndham Street
Central
Hong Kong

Dear Sirs,

Xpress Group Limited (the “Company”) entered into the Agreement with SingXpress and ACT, pursuant to which, SingXpress and ACT has been established Charlton Residences Pte Ltd (the “JV Company”) to carry out the Project (refer to note No.9) and if SingXpress is unable to go ahead with the Project for any reason, the Company has agreed to stand behind the transaction and will assume all the rights and obligations in the JV Company in respect of the Project from SingXpress.

We were instructed by Xpress Group Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) to value the property interests held by the various individual owner located in Singapore, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interests as at 30 June 2010 (the “date of valuation”).

The valuation is our opinion of market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

Our valuation has been made on the assumption that the owner sells the property interests in the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interests and no forced sale situation in any manner is assumed in our valuation.

We have valued the property interests by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

We have been provided with copies of title documents relating to the property interests and have caused searches to be made at the Singapore Land Authority. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

We have relied a very considerable extent on the information given to us by the Company in the course of valuation. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We have accepted advice given to us on such matters as title, planning approvals, statutory notices, easements, tenure, leases, particulars of occupancy, identification of property, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been made to verify their correctness. We have been advised by the Company that no material factors have been omitted from the information supplied to reach an informed view, and have no reason to suspect that any material information has been withheld.

We have not carried out detailed site measurements to verify the correctness of the land or building areas in respect of the property but have assumed that the areas provided to us are correct. Based on our experience of valuation of similar properties in Singapore, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. We have also assumed that there was not any material change of the property in between date of our inspection and the valuation date.

We have inspected the exterior and, where possible, the interior of the appraised property. However, we must point out that we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible, we are therefore unable to report and any such part of the property are free from rot, infestation or any other defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the property or on adjoining or neighbouring land or that the property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

We have not undertaken a survey to determine whether the mechanical and electrical systems within the property (or the buildings or development in which they are located) would be adversely affected on or after the year 2000 and as such have assumed that the property and those systems would be unaffected.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their value.

In accordance with our standard practice, this valuation certificate is for the exclusive use of the party to whom it is addressed and no responsibility is accepted to the third party for the whole or any part of its contents.

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

Unless otherwise stated, all monetary figures stated in this report are in Singapore Dollar (SG\$).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Avista Valuation Advisory Limited
Oswald W Y Au *MHKIS AAPI MSc(RE)*
Registered Professional Surveyor
Assistant Vice President

Note: Mr. Oswald W Y Au holds a Master's Degree of Science in Real Estate from the University of Hong Kong. He is also a member of Hong Kong Institute of Surveyors (General Practice) and Associate Member of Australian Property Institute. In addition, he is a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has about 3 years' experience in the valuation of properties in the PRC and 6 years of property valuation experience in Hong Kong, the U.S., Canada, East and Southeast Asia including Singapore.

VALUATION CERTIFICATE

Property interests held for future development by the Group in Singapore

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 June 2010 SG\$
1. 21 Apartment Units (including Unit Nos. 1, 1A, 1B, 3, 3A, 3B, 5, 5A, 5B, 7, 7A, 7B, 9, 9A, 9B, 11, 11A, 11B, 15, 15A and 15B) of Foh Pin Mansion on No.1 Charlton Road, Singapore 539548 (Land Lot No. MK22-3283C)	<p>The property comprises 7 blocks of 3-storey height residential apartment completed in late 70's.</p> <p>The units have a total gross floor area of approximately 2,919 sq.m. (or 31,420 sq.ft.)</p> <p>The subject land lot area of approximately 3,173 sq.m. (or 34,154 sq.ft.)</p> <p>The land lot of property is currently held under a freehold interest.</p>	<p>The property was occupied by the vendors as at the date of valuation for residential use.</p> <p>We have been informed by the company that the property will be delivered in vacant possession on the date of completion.</p>	No commercial value

Notes:

- Pursuant to the Acceptance Letter from KhattarWong (acting for the existing vendors) dated 1 July 2010, the consideration of SG\$21,200,000 was accepted by 19/21 (approximately 90%) of all subsidiary proprietors of all the subject strata lots (the existing vendors).
- Pursuant to the Letter from KhattarWong (acting for the existing vendors) dated 27 July 2010, the consideration was increased by SG\$200,000 to SG\$21,400,000 and it was accepted by all (100%) of the existing vendors and Charlton Residences Pte Ltd (the purchaser).
- As at the date of valuation, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be SG\$21,600,000, on condition that the property is assuming the relevant title certificates have been obtained by the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.
- Pursuant to the Letter from KhattarWong (acting for the existing vendors) dated 27 July 2010, the completion day for this transaction will be scheduled on 26 November 2010.
- Charlton Residences Pte Ltd, a JV Company 80% owned by SingXpress Ltd and 20% owned by ACT Seaview Homes Pte Ltd.
- SingXpress Ltd and ACT Seaview Homes Pte Ltd is an independent third party.
- Xpress Credit Limited ("XCL"), an indirect wholly owned subsidiary of the Company and XCL has interest in about 33.3% of the existing issued share capital of SingXpress Ltd and is accounted for as an associate company of the Group.
- Pursuant to the Master Plan 2008 published by Urban Redevelopment Authority of Singapore Government, the subject lot has been planned for 3-storey mixed landed of residential use.
- We have been informed by the Company that the property has decided to be redeveloped into not more than 21 cluster terrace type housing units (the "Project"). However, there was no registered plan or document has been provided as at the date of valuation.

10. As provided by the Company, the title ownership of the existing vendors are as follows:

Unit No.	Name
1.	CHUA SONG LIANG LAM TAI SIONG MELINDA @ MRS MELINDA CHUA
1A.	TAY HEE HUAT LOW KWAI LENG
1B.	LOW GIN INN LEON TAN HWEE HUAN
3.	THARM PUI CHEW CHAN YUET MENG
3A.	HONG CHOY LAU
3B.	CHIAU LAM SOON LEE KIM CHOO
5.	NG SUI HO
5A.	EE CHIANG PEH
5B.	NG NOI HOONG
7.	SOH BOON KUI
7A.	TAY NGUAN YONG GOH SWEE MENG TAY CHIN LENG (ZHENG JINLIN) TAY TOH TONG (ZHENG ZHUODONG)
7B.	TAN JIN BUCK LIM CHYE KEE
9.	LEE KHENG THIAM @ LEE KENG TIAM HAN POH LAI PAULA
9A.	FIFI SURYANI KAWIBAWA KUNTADI
9B.	LIM BOON ENG
11.	KUA SEI PENG KEE PUAY KIANG
11A.	CHEW AH JOCK @ CHOO TOK JOK
11B.	YEE YEONG EE RICHARD TAN BEE LOH
15.	LIM YAP KHIM CHOW SIAM CHUAN
15A.	GOH SWEE MENG
15B.	CHIN HOOI YEN CHIN KEAN KOK

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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.

2. FINANCIAL INFORMATION ON THE GROUP**(a) Audited Consolidated Financial Statements of the Group**

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 March, 2010 has been set out from page 29 in the Annual Report 2010 of the Company which was published on 29 July, 2010. The Annual Report 2010 has also been posted on the Company's website <http://www.xpressgroup.com>.

The audited consolidated financial statements of the Group for the year ended 31 March, 2009 has been set out from page 32 in the Annual Report 2009 of the Company which was published on 30 July, 2009. The Annual Report 2009 has also been posted on the Company's website <http://www.xpressgroup.com>.

The audited consolidated financial statements of the Group for the year ended 31 March, 2008 has been set out from page 36 in the Annual Report 2008 of the Company which was published on 30 July, 2008. The Annual Report 2008 has also been posted on the Company's website <http://www.xpressgroup.com>.

(b) Working Capital

After taking into account the financial resources available to the Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

(c) Indebtedness

As at the close of business on July 31, 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular,

the Group has outstanding borrowings of approximately HK\$202.7 million, comprising mortgage loans of approximately HK\$112.4 million, bank loans of approximately HK\$90.3 million, amounts due to associates of approximately HK\$10,000. The Group's mortgage loans were secured by certain leasehold properties and investment properties of the Group with carrying value of HK\$861.8 million.

On the other hand, bank deposits of HK\$3.5 million were pledged as securities for bank facilities granted to a subsidiary.

A subsidiary of the Company was involved in legal proceedings against it for the alleged breach of agreement for damages which are not quantified. In the opinion of the Directors, it is not practicable at this stage to determine with certainty the outcome of the litigation. Further details of the litigation is set out in section headed "Litigation" in Appendix II in this circular.

Save as aforesaid and apart from the intra-group liabilities, none of the companies in the Group had outstanding at the close of business on July 31, 2010 any mortgages, charges or debentures, loan capital, bank overdraft, loans, debt securities or other similar indebtedness or any hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing at the close of business on July 31, 2010.

Except as disclosed above, the Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities at the close of business on July 31, 2010.

(d) Financial and Trading Prospects

For the financial year ended 31 March 2010, the Group recorded a profit for the year attributable to owners of the Company of approximately HK\$191 million, compared to the loss of approximately HK\$111.6 million for 2009. As at 31 March 2010, the equity attributable to owners of the Company and its subsidiaries was approximately HK\$772.7 million, representing an increase of 80.6% from approximately HK\$427.7 million for the previous year.

The Company expects to continue facing significant challenges in the near future in view of risks which remain in the year ahead, as the recovery has been uneven globally. The impact of the potential withdrawal of government stimuli will also add uncertainties to the environment that we operate. The Group will continue to adopt a risk-conscious approach towards managing its property and securities portfolios and continue to implement cost control measures and margin management.

2. DISCLOSURE OF INTERESTS

Directors' interests in Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

*Long Positions***(a) Ordinary shares of HK\$0.01 each of the Company**

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company %
Chan Heng Fai	Beneficial owner	1,047,185,486	39.65
Chan Yoke Keow	Beneficial owner	45,279,741	1.71
	Held by trust (Note 1)	78,848,352	2.99
	Held by controlled corporations (Note 2)	585,800,065	22.18
		709,928,158	26.88
Fong Kwok Jen	Beneficial owner	7,333,600	0.28
Chan Tong Wan	Beneficial owner	8,145,522	0.31
Wong Dor Luk, Peter	Beneficial owner	280,000	0.01
Da Roza Joao Paulo	Beneficial owner	4,800	–
	Held by spouse (Note 3)	360,000	0.01
		364,800	0.01
		1,773,237,566	67.15

(b) Share options

Name of director	Date granted	Exercisable period	Exercise price per share HK\$	Number of share options outstanding as at the Latest Practicable Date	Percentage of the issued share capital of the Company
Chan Heng Fai	11.15.2004	11.20.2004 – 5.8.2013	0.1583	123,885,800	4.69
	5.22.2006	5.22.2006 – 5.8.2013	0.1534	49,008,000	1.86
	8.6.2010	8.6.2010 – 5.8.2013	0.1340	400,000,000	15.15
Chan Yoke Keow	11.1.2004	11.1.2004 – 5.8.2013	0.1567	15,313,500	0.58
	11.15.2004	11.20.2004 – 5.8.2013	0.1583	35,731,500	1.35
	2.18.2009	2.18.2009 – 5.8.2013	0.0684	18,376,200	0.70
Chan Tong Wan	11.15.2004	11.20.2004 – 5.8.2013	0.1583	15,313,500	0.58
	5.22.2006	5.22.2006 – 5.8.2013	0.1534	5,104,500	0.19
Fong Kwok Jen	11.15.2004	11.20.2004 – 5.8.2013	0.1583	4,594,050	0.17
Wong Dor Luk, Peter	11.15.2004	11.20.2004 – 5.8.2013	0.1583	3,062,700	0.12
Da Roza Joao Paulo	5.27.2005	5.28.2005 – 5.8.2013	0.1469	2,041,800	0.08
				272,431,550	25.47

(c) Warrants

Name of director	Capacity	Number of warrants held	Number of underlying shares	Percentage of Issued share Capital of the Company, %
Chan Heng Fai	Beneficial owner	172,000,000	172,000,000	6.51
		172,000,000	172,000,000	6.51

Notes:

1. These shares are owned by a discretionary trust, HSBC Trust (Cook Island) Limited. Mrs. Chan Yoke Keow (“Mrs. Chan”) is one of the discretionary objects. Mrs. Chan is the spouse of Mr. Chan Heng Fai.
2. These shares are owned by Prime Star Group Co. Ltd., in which Mrs. Chan has 100% equity interests.
3. These shares are owned by Ms. Josephina B. Ozorio, the spouse of Mr. Da Roza Joao Paulo.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (other than a Director or the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other member of the Group:

(i) The Company

Name	Nature of interest	Number of shares/underlying shares held	%
Prime Star Group Co., Ltd. <i>(Note 1)</i>	Beneficial owner	585,800,065	22.18

Note:

- (1) Ms. Chan Yoke Keow is the sole director and shareholder of Prime Star Group Co. Ltd.

(ii) *Subsidiaries of the Company*

Name of subsidiaries	Name of substantial shareholder	Percentage of shareholding (%)
Japan Xpress Limited	Planet Marketing Communications Inc.	40%
Xpress Finance Limited	MBf Asia Capital Corporation Holdings Limited	18%

Save as disclosed above, the Directors are not aware of any person as at the Latest Practicable Date who had an interest or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other member of the Group.

3. LITIGATION

Actions were brought by Pricerite Stores Limited and CASH Retail Management Group Limited (together referred to as "Pricerite") respectively claiming that a subsidiary of the Company has, among others, divulged confidential information of Pricerite in breach of agreement for damages which are not quantified. The litigation was arises due to the acquisition of such subsidiary by the Group in 2000. In the opinion of the Directors, it is not practicable at this stage to determine with certainty the outcome of the litigation. Further details of the litigation is set out in section headed "The Compromise Agreement" in the Letter from the Board in the circular of the Company dated July 8, 2002. The litigation has been standstill for more than 8 years.

Save as aforesaid, neither the Company nor any of its subsidiaries is engaged in litigation or arbitration of material importance and so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against the Company or any of its subsidiaries.

4. SERVICE CONTRACTS

Save as set out below, (i) none of the Directors has any existing or proposed service contract with any member of the Group which does not expire or is not terminable by the Group within one year without payment of compensation (other than statutory compensation); and (ii) none of the Directors has any service contracts with the Company or any of its subsidiaries or associated companies in force for Directors which have more than 12 months to run:

On January 29, 2010, a service contract was entered into between the Company and Mr. Chan for a term of three years commencing from February 1, 2010. The service contract provides for the payment of an annual salary equal to 5.9% of the net assets value of the

Company as shown in its consolidated audited accounts at each financial year end. In addition, Mr. Chan is also entitled to receive an accommodation allowance of HK\$30,000 per month.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the directors or their respective associates had any interests in a business which competes or may compete with the businesses of the Group or had any other conflict of interest with the Group.

6. MATERIAL CONTRACTS

- (a) On November 19, 2008, the Group entered into a sale and purchaser agreement for the disposal of the 56.46% of the issued and paid-up capital of Makino Air Travel Service Co., Ltd for a total of cash consideration of JPY30 million.
- (b) On 11 December, 2008, the Group entered into a sale and purchaser agreement for the disposal of the 60% of the issued and paid-up capital of Anglo-French Travel Pte Ltd for a total of cash consideration of S\$2.1 million.
- (c) On 14 August 2009, the Group entered into sale and purchase agreements to acquire two properties situated in Singapore for an aggregate consideration of S\$2.65 million.
- (d) On 8 January 2010, the Group entered into a sale and purchase agreement for the purchase of the 100% equity interest in Expats Residences Pte Ltd, a property investment company incorporated in Singapore, and the shareholder loan at an aggregate consideration of HK\$40.7 million which was satisfied by the issuance of approximately 301.5 million shares of the Company.
- (e) On 11 January 2010, the Group entered into formal sale and purchase agreement with independent third party for the acquisition of property located in Hong Kong at a consideration of HK\$32,016,000.
- (f) 12 March 2010, the Group entered into a sale and purchase agreement to dispose a property situated in Canada for an aggregate consideration of CAD3 million. The transaction was completed in April 2010.
- (g) On 8 April 2010, the Group entered into sale and purchase agreements to acquire 8 properties situated in Singapore for an aggregate consideration of approximately S\$15.42 million.
- (h) The Agreement.

- (i) On, 13 August 2010, the Group has undertaken to make applications in excess of its pro rata entitlement to the convertible bonds under the rights issue of SingXpress Ltd and pay for not less than S\$7 million in aggregate principal amount of the convertible bonds (except the S\$5,431,800 in aggregate principal amount of the convertible bonds (approximately HK\$30,961,000) provisionally allotted to the Group of which the Group has undertaken to take up.

Save as aforesaid, no material contracts (not being contracts entered into in the ordinary course of business carried on by the Group) have been entered into by any member of the Group within the two years preceding the date of this circular.

7. NO MATERIAL CONTRACTS

The Directors confirmed there is no contract or arrangement subsisting at the Latest Practicable Date in which a Director is materially interested and which is significant in relation to the business of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Board confirmed that there was no material adverse change in the financial or trading position of the Group since 31 March 2010 (being the date to which the latest published audited consolidated accounts of the Group were made up).

9. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinions or advice, which are contained in this circular:

Name	Qualification
Avista Valuation Advisory Limited	an independent professional property valuer (the "Expert")

The Expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of their letter and/or references to its name in the form and context in which it appears as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Expert has any shareholding, directly or indirectly, in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The letter and recommendation given by the Expert are given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, none of the Expert has any direct or indirect interests in any assets which had been since 31 March 2010, the date of which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to, or proposed to be acquired or disposed of by, or leased to, any members of the Group.

10. MISCELLANEOUS

- (a) None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any of its subsidiaries since March 31, 2010, the date to which the latest published audited financial statements of the Group were made up.
- (b) The registered office of the Company is at 24th Floor, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong.
- (c) The joint secretaries of the Company are Ms. Chan Suk King, Zoe ACCA, CPA, ACIS, ACS. and Mr. Yuen Ping Man, MBA, FCIS, FCS, MHKSI, MIHRM(HK), MIPS(HK), MCIM, SMHKIM, RFP.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular and up to and including 4 October 2010.

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts mentioned under the paragraph headed "Material Contracts" in this Appendix;
- (c) the service contract referred to in the section headed "Service Contracts" in this Appendix;
- (d) the written consents referred to in the paragraph headed "Expert and consent" in this Appendix;
- (e) the annual reports of the Company for the two years ended March 31, 2010; and
- (f) this circular.