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XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

VERY SUBSTANTIAL ACQUISITION ACQUISITION OF LAND AND RESUMPTION OF TRADING

The Board announces that on 31 May 2011, SXLPR and Kay Lim have jointly participated in a tender relating to the DBSS Project and received the provisional tender results on the same date. The Land has been awarded to SXLPR and Kay Lim on 3 June 2011. The acquisition price for the Land is S\$123.88 million (approximately HK\$780.44 million). SXLPR and Kay Lim will participate in the joint acquisition and development of the DBSS Project through the JV Company in the equity proportion of 80% and 20% respectively.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are greater than 100%, the Acquisition will constitute a very substantial acquisition 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.

A circular containing, among others things, details of the Acquisition and other disclosure requirements under the Listing Rules together with notice of the extraordinary general meeting will be dispatched to the Shareholders on or before 15 August 2011.

At the request of the Company, trading in the shares and bonds of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 June 2011 pending the release of this announcement.

Application has been made to the Stock Exchange for the resumption in trading of the shares and bonds of the Company on the Stock Exchange with effect from 9:00 a.m. on 9 June 2011.

INTRODUCTION

On 31 May 2011, SXLPRL and Kay Lim have jointly participated in a tender relating to the DBSS to acquire for the Land under the DBSS Project and received the provisional tender results on the same date. The Land has been awarded to SXLPRL and Kay Lam on 3 June 2011. The acquisition price for the Land is S\$123.88 million (approximately HK\$780.44 million). SXLPRL and Kay Lim will participate in the joint acquisition and development of the DBSS Project through the JV Company in the equity proportion of 80% and 20% respectively.

As at the date of this announcement, to the best of knowledge, information and belief of the Directors having made all reasonable enquiries, Kay Lim and its ultimate beneficial owners are third party independent of the Company and its connected persons.

The Tender and the Acquisition

Pursuant to the Conditions of Tender, details of the Tender, the Land and the Acquisition thereof are as follows:

Date of Award: 3 June 2011, being the date on which the Tender has been awarded.

Subject matter : The development known as Pasir Ris Central/Pasir Ris Drive 1 for Public Housing Development in Singapore.

Purchase Price : S\$123,880,009 (equivalent to approximately HK\$780,440,000).

Payment : The entire amount of the Purchase Price is required to be paid by cashier's order(s) or banker's draft drawn on a bank in Singapore in accordance with the following timetable:

1. Tender Fee, being S\$6,800,000 (approximately HK\$42,840,000) paid at submission of the Tender;
2. S\$24,170,002.25 (approximately HK\$152,271,000), being 25% of the Purchase Price (less Tender Fee) to be paid on or before 30 June 2011; and
3. S\$92,910,006.75 (approximately HK\$585,333,000), being 75% of the Purchase Price to be paid on or before 31 August 2011.

Use of the Land : The permitted use of the land is for residential purposes for Public Housing Development in the Republic of Singapore under the Housing and Development Act (Cap 129) 2004 Edition and the rules and regulations thereunder, as outlined on the Certified Plan No. 84066. The land is with site area of approximately 16,388 square metres.

Lease Term : 103 years.

The Acquisition is subject to, among other things, the following conditions:

1. To submit to HDB the tender price of S\$123,880,009 in accordance with the above timetable;
2. To obtain the approval of the relevant authorities in Singapore for the purchase of the Land on or before the Completion Date;
3. To submit the building programme as stipulated in the Conditions of Tender to HDB for approval by 30 June 2011;
4. To sign the Building Agreement with The President of the Republic of Singapore within 14 days upon full payment of the tender price; and
5. To submit the design and construction plans and building plans to HDB for endorsement, on behalf of the Government as landowner, before submitting the same to the competent authority for approval.

The Acquisition constitutes a very substantial acquisition transaction of the Company under the Listing Rules and is subject to the approval of the Shareholders at the EGM to be convened by the Company.

Mr. Chan Heng Fai and Ms. Chan Yoke Keow, the substantial shareholders and directors of the Company, are beneficially owns 1,783,385,644 Shares, representing approximately 67.5% of the nominal value of the securities giving the right to attend and vote at general meeting of the Company, have undertaken to vote in favour of any resolution to approve the Acquisition.

If the conditions to the Acquisition cannot be fulfilled, the tender deposits paid will be forfeited and HDB shall be entitled to redispense of the Land and any deficiency in the proceeds shall be made good and paid by the tenderer.

Financing of the Acquisition and the DBSS Project

The funding for the Acquisition and development of the DBSS Project will be provided by SXLPR and Kay Lim by way of equity and shareholders' loans to the JV Company according to their respective interests in the JV Company and project financing as deemed appropriate by the board of the JV Company from time to time.

The tender price of S\$123.88 million for the Acquisition was submitted after taking into consideration the recent market transacted prices of similar projects under the DBSS in Singapore and feasibility study on the location and development potential of the Land conducted by the Group which indicated that the preliminary value of the Land are not less than the tender price.

The Group may finance its portion of the funding requirements for the Acquisition and development of the DBSS Project by internal resources, corporate banking facilities and project financing or from other sources as deemed appropriate by the Board from time to time.

Key information on the JV Company:

Purpose of the JV Company

The JV Company will be formed for the principal purpose of owning and developing the DBSS Project.

Information on the Land and the DBSS Project

The HDB is Singapore's public housing authority and a statutory board under the Ministry of National Development. HDB plans and develops public housing towns that provide Singaporeans with quality homes and living environments. In this effort, HDB engages in active research and development work to ensure that cost-effectiveness and quality standards are maintained and continually improved upon. DBSS is a scheme involves the private sector in the development of public housing so as to bring about greater innovation in the building and design of flats and offer more housing choices to flat buyers.

The Land has a lease term of 103 years and situated at Pasir Ris Central/Pasir Ris Drive 1 with a total site area of approximately 176,400 square feet. The maximum allowable gross floor area is approximately 441,000 square feet. It is intended that the Land will be developed into up to 454 units of public housing under the DBSS (inclusive of a child care centre, car park and all facilities ancillary to the development) on or before 31 May 2015.

The JV Company is required to discuss with the HDB the preliminary conceptual and urban design of the said development. HDB will share with the JV Company the HDB's experience and good practices of building public housing. The JV Company shall liaise with the town council during design stage on the performance criteria for maintainability and to establish the quantum of services & conservancy charges to be charged by the town council.

Formation and ownership of the JV Company

The JV Company will be owned as to 80% by SXLPR L and as to 20% by Kay Lim. The board of directors of the JV Company will initially comprise of five directors, four of whom will be nominated by SXLPR L and one of whom will be nominated by Kay Lim.

Financing of the JV Company

SXLPR L and Kay Lim will provide funding for the DBSS Project to the JV Company 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 SXLPR L and Kay Lim and project financing as deemed appropriate by the board of the JV Company from time to time. The total commitment of the JV Company for the Acquisition and development of the Land will be approximately S\$240 million (approximately HK\$1,512 million). This comprises the purchase consideration for the Acquisition, the construction cost for the Land, and other related costs for the development of the Land. On this basis, the estimated pro-rata commitment of the Group for the DBSS Project is S\$192 million

(approximately HK\$1,210 million). It is currently the intention of SXLPR and Kay Lim that the Purchase Price will be funded partly by internal resources and partly by external financings including bank borrowings in the ratio of 15% and 85% respectively.

Profit Sharing

SXLPR and Kay Lim have agreed that any profit derived from the development of the Land will be apportioned between SXLPR and Kay Lim on a pro-rata basis, by reference to their respective interests in the JV Company.

Information of Kay Lim

Kay Lim is a private limited company incorporated in Singapore. It is mainly engaged in investment holding and building constructions.

Reasons for the Acquisition

The Group is principally engaged in property development and property trading and investment, treasury investments and hotel operation.

The Directors consider that the Group's venture into projects under the DBSS is a relatively low-risk opportunity for the Group to grow its asset portfolio into larger scale real-estate projects and the terms of the Acquisition are on normal commercial terms, and are fair and reasonable so far as the Company and the Shareholders are concerned, and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

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.

GENERAL

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are greater than 100%, the Acquisition will constitute a very substantial acquisition 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.

A circular containing, among others things, details of the Acquisition and other disclosure requirements under the Listing Rules together with notice of the extraordinary general meeting will be dispatched to the Shareholders on or before 15 August 2011 as the Company expects it would take approximately 3 months for the preparation and finalization of the Circular including, among others, to compile indebtedness statement, working capital statement of the Group and obtain the valuation of the Land.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares and bonds of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 June 2011 pending the release of this announcement.

Application has been made to the Stock Exchange for the resumption in trading of the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 9 June 2011.

DEFINITIONS

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

- “Awarded Date” : 3 June 2011, being the date on which the tender was awarded;
- “Acquisition” : The Tender for the acquisition of the Land by SXLPR and Kay Lim;
- “Agreement” : The joint venture heads of agreement date 25 May 2011 entered into by SXLPR and Kay Lim relating to, inter alia, the establishment of the JV Company upon successful tender for the acquisition of the Land;
- “associate” : has the meaning defined in Chapter 1 of the Listing Rules
- “Board” : the board of Directors;
- “Building Agreement” : An agreement to be entered between the President of the Republic of Singapore (and his successors in office) and the JV Company, where the JV Company agrees to purchase the Land and to build the Land for DBSS.
- “Company” : Xpress Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
- “Completion Date” : 31 August 2011, being the date which the Acquisition is completed;
- “Conditions of Tender” : The conditions of tender issued by HDB in connection with the offer for sale of the Land;
- “DBSS” : the Singapore public housing sector of the Design, Build and Sell Scheme;

“DBSS Project”	: the jointly participated in a tender bid relating to the Singapore public housing sector of the DBSS for the Acquisition of the Land under the DBSS;
“Director(s)”	: the director(s) of the Company;
“Group”	: the Company and its subsidiaries from time to time;
“HDB”	: the Housing and Development Board;
“Hong Kong”	: the Hong Kong Special Administrative Region of the People’s Republic of China;
“JV Company”	: A joint-venture company to be established under the laws of Singapore and to be formed by SXL PRL and Kay Lim in the equity proportion of 80% and 20% respectively pursuant to the Agreement, which shall own and develop the Land for DBSS;
“Kay Lim”	: Kay Lim Holdings Pte Ltd, a company established under the laws of Singapore;
“Land”	: the land parcel located at Pasir Ris Central/Pasir Ris Drive 1 for Public Housing Development in Singapore;
“Listing Rules”	: Rules Governing the Listing of Securities on the Stock Exchange;
“SGX-ST”	: Singapore Exchange Securities Trading Limited;
“Share(s)”	: share(s) in the share capital of the Company;
“Shareholder(s)”	: shareholder(s) of the Company;
“SingXpress”	: SingXpress Land Ltd, a 62.68% owned subsidiary of the Company, the shares of which are listed on the SGX-ST;
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited;
“SXL PRL”	: SingXpress Land (Pasir Ris) Pte Ltd, a wholly owned subsidiary of SingXpress;

“HK\$” : Hong Kong dollar(s), the lawful currency of Hong Kong;
“S\$” : Singapore dollars, the lawful currency of Singapore; and
“%” : per cent.

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

Hong Kong SAR, 8 June 2011

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 and Mr. Wong Tat Keung.