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XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The Board of Directors (the “Board”) of Xpress Group Limited (the “Company”), announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2012, which have been reviewed by the Company’s Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

		Six months ended	
		30 September	30 September
		2012	2011
	<i>Notes</i>	HK\$’000	HK\$’000
		(Unaudited)	(Unaudited)
			(Restated)
Revenue	3	33,433	41,823
Cost of sales		(4,319)	(4,133)
Gross profit		29,114	37,690
Other operating income		3,254	808
Loss on disposal of financial assets at fair value through profit or loss		(1,354)	–
Fair value gain (loss) on financial assets at fair value through profit or loss		2,014	(24,486)
Bad debt recovered		68	292
Administrative expenses		(73,183)	(68,153)
Fair value gain on revaluation of investment properties		3,441	12,085
Gain on disposal of investment properties		37	14,175

		Six months ended	
		30 September	30 September
		2012	2011
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
			(Restated)
Loss from operations	4	(36,609)	(27,589)
Finance costs	5	(10,614)	(10,950)
Share of results of associates		44	330
		<hr/>	<hr/>
Loss before income tax		(47,179)	(38,209)
Income tax credit (expenses)	6	115	(386)
		<hr/>	<hr/>
Loss for the period		(47,064)	(38,595)
		<hr/>	<hr/>
Loss for the period attributable to:			
Owners of the Company		(45,257)	(42,641)
Non-controlling interests		(1,807)	4,046
		<hr/>	<hr/>
		(47,064)	(38,595)
		<hr/>	<hr/>
Loss per share	8		
– Basic		(1.39) cents	(1.56) cents
		<hr/>	<hr/>
– Diluted		(1.39) cents	(1.56) cents
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	Six months ended	
	30 September	30 September
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Restated)
Loss for the period	<u>(47,064)</u>	<u>(38,595)</u>
Other comprehensive income (expenses):		
Exchange differences arising on translating of foreign operations	<u>39,269</u>	<u>(28,546)</u>
Other comprehensive income (expenses) for the period	<u>39,269</u>	<u>(28,546)</u>
Total comprehensive expenses for the period	<u>(7,795)</u>	<u>(67,141)</u>
Total comprehensive income (expenses) attributable to:		
Owners of the Company	(6,099)	(71,123)
Non-controlling interests	<u>(1,696)</u>	<u>3,982</u>
	<u>(7,795)</u>	<u>(67,141)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2012

		30 September	31 March	1 April
		2012	2012	2011
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)
			(Restated)	(Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	9	85,829	57,703	59,930
Prepaid lease payments		21,713	21,953	22,430
Investment properties	9	803,993	908,383	1,159,931
Interests in associates and a joint venture		5,308	3,246	2,248
Available-for-sale financial assets		1,463	1,463	1,464
Goodwill		10,544	10,544	10,544
Pledged bank deposits		3,191	3,116	7,492
		932,041	1,006,408	1,264,039
Current assets				
Inventories		480	464	388
Properties under development for sale		1,213,583	1,099,541	138,403
Trade and other receivables, deposits and prepayments	10	22,929	18,837	32,742
Loans receivables		617	617	635
Financial assets at fair value through profit or loss		27,121	16,453	175,417
Amounts due from associates and a joint venture		128,144	185	172
Bank balances and cash		174,081	116,333	185,071
		1,566,955	1,252,430	532,828

		30 September 2012	31 March 2012	1 April 2011
	<i>Notes</i>	HK\$'000 (Unaudited)	<i>HK\$'000</i> (Unaudited) (Restated)	<i>HK\$'000</i> (Unaudited) (Restated)
Current liabilities				
Trade and other payables and accruals	<i>11</i>	149,446	87,328	34,627
Bank overdraft		272	515	86,486
Borrowings		124,722	155,543	216,763
Obligation under finance leases		114	108	–
Tax payables		22,235	22,676	20,370
Amount due to non-controlling interests		54,280	67,714	7,456
Amount due to an associate		426	478	515
Amounts due to a director		3,500	28,294	–
		354,995	362,656	366,217
Net current assets		1,211,960	889,774	166,611
Total assets less current liabilities		2,144,001	1,896,182	1,430,650
Non-current liabilities				
Borrowings		970,856	863,944	327,279
Obligation under finance leases		1,563	641	–
Deferred taxation		277	277	277
Convertible bonds		214	339	293
Non-convertible bonds		105,633	105,633	105,633
		1,078,543	970,834	433,482
Net assets		1,065,458	925,348	997,168
CAPITAL AND RESERVES				
Share capital	<i>12</i>	35,064	30,970	30,970
Reserves		860,908	787,453	930,550
Equity attributable to owners of the Company		895,972	818,423	961,520
Non-controlling interests		169,486	106,925	35,648
Total equity		1,065,458	925,348	997,168

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2012.

In the current interim period, the Group has applied, for the first time, the following amendment to the Hong Kong Financial Reporting Standards (“HKFRSs”) and the Hong Kong Accounting Standards (“HKASs”) issued by the HKICPA:

Amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*

Under the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company (“Directors”) reviewed the Group’s investment property portfolios and concluded that the Group’s investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted.

As a result of the application of the amendments to HKAS 12, the Group does not recognise any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on disposal of its investment properties. Previously, the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use.

The Group has adopted this amendment retrospectively and the effects of adoption are disclosed as follows:

Condensed consolidated income statement

	Six months ended 30 September 2012 HK\$'000 (Unaudited)	Six months ended 30 September 2011 HK\$'000 (Unaudited)
Decrease in income tax expenses	568	2,009
Decrease in loss for the period attributable to owners of the Company	298	750
Increase in profit for the period attributable to non-controlling interests	270	1,259
Decrease in loss per share – Basic	0.01 cents	0.02 cents
Decrease in loss per share – Diluted	0.01 cents	0.02 cents

Condensed consolidated statement of financial position

	30 September 2012 HK\$'000	31 March 2012 HK\$'000	1 April 2011 HK\$'000
Non-current liabilities:			
Decrease in deferred tax liabilities	(568)	(64,099)	(94,794)
Equity:			
Decrease in equity attributable to owners of the Company	298	59,763	91,915
Increase in non-controlling interests	270	4,336	2,879

Except as described above, the application of other amendments to HKFRS in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

The Group has not early adopted the following new or revised HKASs, HKFRSs, amendments and interpretations that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvement to HKFRSs 2009–2011 Cycle ²
Amendments to HKFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities ²
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁴
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ²
Amendments to HKAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income ¹
Amendments to HKAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities ³
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair value Measurement ²
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²

- ¹ Effective for annual periods beginning on or after 1 July 2012
² Effective for annual periods beginning on or after 1 January 2013
³ Effective for annual periods beginning on or after 1 January 2014
⁴ Effective for annual periods beginning on or after 1 January 2015

The Group has not early adopted the new or revised HKASs, HKFRSs, amendments and interpretations that have been issued but not yet effective. The Directors are currently assessing the impact of these new amendments but are not yet in a position to state whether they would have material financial impact on the Group's result of operations and financial position.

3. SEGMENT INFORMATION

The Group is organised into six (2011: six) main operating segments – financing operations, securities trading and investments, treasury investment, property investment and trading, hotel operations and property development. These principal operating activities are the basis on which the chief operating decision maker (ie: executive directors) allocate resources to segments and assess their performance.

Information regarding the Group's reportable segments as provided to the chief decision maker is set out as below:

	Segment revenue		Segment results	
	Six months ended		Six months ended	
	30 September 2012 <i>HK\$'000</i> (Unaudited)	30 September 2011 <i>HK\$'000</i> (Unaudited)	30 September 2012 <i>HK\$'000</i> (Unaudited)	30 September 2011 <i>HK\$'000</i> (Unaudited) (Restated)
By reportable segment:				
Financing operations	45	169	(546)	(240)
Securities trading and investments	180	5,393	614	(20,252)
Treasury investment	372	614	372	614
Property investment and trading	12,926	16,341	11,725	41,651
Hotel operations	19,910	19,306	(2,450)	(2,236)
Property development	–	–	(12)	(46)
	<u>33,433</u>	<u>41,823</u>	<u>9,703</u>	<u>19,491</u>
Unallocated corporate revenue			3,254	807
Unallocated corporate expenses			<u>(53,090)</u>	<u>(47,887)</u>
Loss from operations			(40,133)	(27,589)
Finance costs			(7,090)	(10,950)
Share of results of associates			<u>44</u>	<u>330</u>
Loss before income tax			(47,179)	(38,209)
Income tax credit (expenses)			<u>115</u>	<u>(386)</u>
Loss for the period			<u>(47,064)</u>	<u>(38,595)</u>

4. LOSS FROM OPERATIONS

	Six months ended	
	30 September	30 September
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss from operations has been arrived at after charging (crediting):		
Depreciation	1,558	2,075
Amortisation of prepaid lease payments	240	239
Dividend income	(180)	(5,393)
	<u> </u>	<u> </u>

5. FINANCE COSTS

	Six months ended	
	30 September	30 September
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans and overdrafts	19,200	4,921
Effective interest expense on convertible bonds	4	22
Interest expense on non-convertible bonds	7,119	7,075
	<u> </u>	<u> </u>
	26,323	12,018
Less: Interest capitalised to properties under development for sale	(15,709)	(1,068)
	<u> </u>	<u> </u>
	10,614	10,950
	<u> </u>	<u> </u>

6. INCOME TAX (CREDIT) EXPENSES

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Taxes on overseas profits have been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the entity operates.

	Six months ended	
	30 September	30 September
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Restated)
Current tax		
– Hong Kong	–	–
– Overseas	512	386
	<u> </u>	<u> </u>
	512	386
Over-provision in prior years		
– Overseas	(627)	–
	<u> </u>	<u> </u>
Total tax (credit) expenses for the period	(115)	386
	<u> </u>	<u> </u>

7. DIVIDEND

No dividend were paid during both periods. The Directors do not recommend the payment of an interim dividend.

8. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the period of approximately HK\$45,257,000 (six months ended 30 September 2011: approximately HK\$42,641,000) and the weighted average number of 3,248,181,645 (six months ended 30 September 2011: 2,739,030,137) ordinary shares in issue during the period.

The computation of diluted loss per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the six months ended 30 September 2012. For the period ended 30 September 2011, no diluted loss per share had been presented because it would result in a decrease in net loss per share for the period.

9. PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTIES

During the period, the Group disposed investment properties of approximately HK\$125.2 million (six months ended 30 September 2011: approximately HK\$140.6 million) and acquired property, plant and equipment of approximately HK\$29.7 million (six months ended 30 September 2011: investment properties, property, plant and equipment of approximately HK\$7.4 million).

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The average credit term granted by the Group to its trade customers are as follows:

Hotel operations	60 days
Financing operations	30 days

An aging analysis of the trade receivables at the end of the reporting period is as follows:

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
0–60 days	2,286	2,330
61–90 days	–	50
Over 90 days	<u>7,217</u>	<u>6,705</u>
	9,503	9,085
Other receivables, deposits and prepayments	12,949	9,275
Prepaid lease payments	<u>477</u>	<u>477</u>
	<u>22,929</u>	<u>18,837</u>

11. TRADE AND OTHER PAYABLES AND ACCRUALS

An aging analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
0–60 days	1,921	754
61–90 days	–	–
Over 90 days	<u>3</u>	<u>24</u>
	1,924	778
Other payables and accrued expenses	<u>147,522</u>	<u>86,550</u>
	<u>149,446</u>	<u>87,328</u>

12. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each		
At 31 March 2012 (audited) and 30 September 2012 (unaudited)	<u>1,000,000,000,000</u>	<u>10,000,000</u>
<i>Issued and fully paid:</i>		
At 31 March 2012 (audited) and 1 April 2012 (unaudited)	3,096,961,456	30,970
Exercise of share options	<u>409,421,200</u>	<u>4,094</u>
At 30 September 2012 (unaudited)	<u>3,506,382,656</u>	<u>35,064</u>

13. PLEDGE OF ASSETS

As at 30 September 2012, the Group's utilised facilities of approximately HK\$1,097.3 million (31 March 2012: HK\$1,020.8 million) were mainly secured by the investment properties, land and buildings, prepaid lease payments, properties under development for sale, financial assets at fair value through profit or loss, motor vehicle and bank deposits of the Group with an aggregate carrying value of approximately HK\$2,075.3 million (31 March 2012: HK\$2,006.1 million).

14. RELATED PARTY TRANSACTIONS

During the period, no transactions have been entered into with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being key management personnel compensation) (2011: Nil).

15. EVENT AFTER THE REPORTING PERIOD

- (i) On 6 August 2012, SingXpress Land Ltd ("SingXpress"), an indirect 52.4% owned subsidiary of the Company, entered into the subscription agreement with Haiyi Holdings Pte. Ltd ("Haiyi") in relation to the subscription by Haiyi of an aggregate of 80 new fully paid up non-redeemable, cumulative convertible non-voting perpetual preference shares ("Subscription Shares") at S\$1.18 million per subscription share for a total subscription price of S\$94.4 million. The Subscription was completed on 9 October 2012. For detailed information, please refer to the Company's circular dated 13 September 2012.
- (ii) On 27 November 2012, SingXpress has received a conversion notice from Haiyi, to convert all Subscription Shares into ordinary shares of SingXpress ("Conversion"). Following the Conversion, the SingXpress shares retained by the Group has been diluted from 52.4% to 19.8%.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded a turnover of approximately HK\$33.4 million for the six months ended 30 September 2012, representing a decrease of approximately 20.1% as compared to a turnover of approximately HK\$41.8 million the six months ended 30 September 2011. The loss attributable to owners of the Company for the six months ended 30 September 2012 was approximately HK\$45.3 million compared to approximately HK\$42.6 million for the same period in 2011.

The basic loss per share for the six months ended 30 September 2012 was HK1.39 cents when compared with HK1.56 cents for the same period in 2011.

Property Development Division

During the period, the Company, through its indirect wholly-owned subsidiary SingXpress Property Development Pte Ltd and jointly with Kay Lim Realty Pte Ltd and Creative Investments Pte Ltd, a wholly owned subsidiary of Amara Holdings Ltd, was successful in a tender to acquire a land parcel at Tampines Central 7/Tampines Avenue 7/Tampines Avenue 9 for developing Executive Condominium public housing project in Tampines.

Hotels and Hospitality Division

During the period, the hospitality business recorded a turnover and operating loss of approximately HK\$19.9 million (2011: HK\$19.3 million) and HK\$2.5 million (2011: HK\$2.2 million).

Securities Trading

During the period, the Group's securities business recorded a turnover and operating profit of approximately HK\$0.2 million (2011: HK\$5.4 million) and an operating profit of approximately HK\$0.6 million (2011: operating loss of approximately HK\$20.3 million).

Property Investments and Trading

This division contributed revenues of approximately HK\$12.9 million (2011: approximately HK\$16.3 million) and operating profit of approximately HK\$11.7 million (2011: approximately HK\$41.7 million) to the Group, including a fair value gain of approximately HK\$3.4 million (2011: approximately HK\$12.1 million).

Other Investments

As at 30 September 2012, RSI International Systems Inc. ("RSI") a Canada listed associate of which is approximately 29% hold by a subsidiary of the Group. During the period, the Group shared a profit of approximately HK\$0.05 million from RSI.

Liquidity and Capital Resources

As at 30 September 2012, the Group had bank balance and cash and pledged bank deposits amounted to approximately HK\$177.3 million (31 March 2012: HK\$119.4 million) mainly dominated in US dollars, Hong Kong dollars, Singapore dollars and Japanese Yen. The Group had total borrowings (including bank overdraft, borrowings, obligations under finance leases, liability components of convertible bonds and non-convertible bonds) of approximately HK\$1,203.4 million (31 March 2012: HK\$1,126.7 million) mainly dominated in Hong Kong dollars, Singapore dollars and Japanese Yen. As at 30 September 2012, the Group's current ratio was 4.4 (31 March 2012: 3.5) and had a gearing ratio of 41.1% (31 March 2012: 44.6%), defined as the ratio of total borrowings less bank balances and cash and pledged bank deposits to total assets.

Capital Commitments

As at 30 September 2012, the Group had made commitments for various contracts for property development projects of HK\$584.3 million (31 March 2012: HK\$600.7 million). The Group did not make any capital commitment for acquisition of property, plant and equipment authorised but not contracted for as at 30 September 2012 (31 March 2012: Nil).

Foreign Exchange Exposure

Substantially all the revenues, expenses, assets and liabilities are denominated in Hong Kong dollars, US dollars, Canadian dollars, Japanese Yen and Singapore dollars. Due to the currency peg of the Hong Kong dollars to the US dollars, the exchange rate between these two currencies has remained stable and thus no hedging or other alternatives have been implemented by the Group. Going forward, the Group may formulate a foreign currency hedging policy to provide a reasonable margin of safety in our exposure in Japanese Yen and Singapore dollars transaction, assets and liabilities.

Human resources

Remuneration packages are generally structured by reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Apart from salary payments, there are other staff benefits including mandatory provident fund, medical insurance and performance related bonus. At the end of the reporting period, there were approximately 100 employees employed by the Group. Share options may also be granted to eligible employees and persons of the Group.

Pledge of Assets

As at 30 September 2012, the Group's utilised facilities of approximately HK\$1,097.3 million (31 March 2012: HK\$1,020.2 million) were mainly secured by the investment properties, land and buildings, prepaid lease payments, properties under development for sale, financial assets at fair value through profit or loss, motor vehicle and bank deposits of the Group with an aggregate carrying value of approximately HK\$2,075.3 million (31 March 2012: HK\$2,006.1 million).

Prospects

The Group is cautiously assessing market conditions in Singapore as well as the government's measures to curb property speculation and keep prices affordable, including through increasing the supply and improving the accessibility of public housing. Further policy curbs and release of new land could impact the sales of the public housing developments it has embarked on or committed to. The Group is also assessing market conditions in Hong Kong and evaluating prospective opportunities.

As at 30 September 2012, the Group had sold approximately 30% of its Pasir Ris One DBSS project. Construction of this public housing project is progressing slightly ahead of schedule. The project is due for completion in 2015.

The Tampines Executive Condominium project, in which the Group has an effective 30%-stake is expected to be launched before the end of the current financial year.

On 27 November 2012, Haiyi Holdings Pte Ltd fully converted S\$94.4 million SingXpress non-redeemable, cumulative convertible non-voting perpetual preference shares into ordinary shares of SingXpress. The Group's interest in SingXpress has been diluted from 52.4% to 19.8% and SingXpress has ceased to be a subsidiary of the Company and is reclassified as an associate of the Group. We believe that the present of Haiyi as SingXpress's controlling shareholder is expected to significantly contribute to the success of SingXpress through its strategic input and the opening of a new network of contacts to SingXpress, leading to the acceleration of SingXpress's ability to carry out its business model.

The Group remains on the lookout for real estate project in Singapore and strategic alliances with various partners as part of its investment banking approach to property development.

DIRECTORS' SECURITIES TRANSACTIONS

The Company follows the Model Code in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company. Having made specific enquiry with Directors, all Directors confirmed that they fully complied with the Model Code during the six months ended 30 September 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Stock Exchange of Hong Kong Limited made various amendments to the Code on Corporate Governance Policies (the “Former Code”) contained in Appendix 14 to the Listing Rules and renamed it as Corporate Governance Code (the “CG Code”). The CG Code took effect on 1 April 2012. The Company has applied the principles and complied with all the code provisions and some recommended best practices of the Former Code; and fully complied with the CG Code during the Period, with the exception of the following deviations:–

- i. None of the non-executive Directors of the Company is appointed for a specific term, which is a deviation from the requirement under Code A.4.1 of the CG Code. However, as the Directors are subject to the retirement by rotation provisions under the bye-laws of the Company, the Board considers that sufficient measures are in place to ensure that the Company’s corporate governance practices are no less exacting than the CG Code.
- ii. Pursuant to Code A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend the general meetings of the Company. Mr. Fong Kwok Jen, the non-executive Director, was unable to attend the annual general meeting of the Company held on 28 August 2012 due to not being in Hong Kong at the time.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial information. The Audit Committee comprises three Independent Non-Executive Directors, namely Mr. Wong Dor Luk, Peter, Mr. Wong Tat Keung and Mr. Chan King Fai.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE’S AND COMPANY’S WEBSITE

The Company’s interim report for the six months ended 30 September 2012 will be despatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under “Latest Listed Company Information” and on the website of the Company at <http://www.xpressgroup.com> under “Investor Relations” in due course.

By order of the Board
Chan Tong Wan
Managing Director

Hong Kong, 28 November 2012

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