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XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

CONNECTED TRANSACTION

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



大有融資有限公司
MESSIS CAPITAL LIMITED

A letter from the Board is set out on pages 4 to 9 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 10 to 11 of this circular. A letter from Messis Capital Limited, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Shareholders is set out on pages 12 to 24 of this circular.

13 September, 2012

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DEFINITIONS

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

“Amara”	Amara Holdings Ltd, a company incorporated in Singapore with limited liability, the shares of which are listed on the SGX-ST
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“CIPL”	Creative Investments Pte Ltd, a wholly owned subsidiary of Amara
“Closely Allied Group of Shareholders”	<ol style="list-style-type: none">(1) Heng Fai Master Holdings Limited, which are ultimately owned by a discretionary trust established by Mr. Chan Heng Fai (being a director of the Company) as settlor, is a beneficiary of 1,435,755,806 shares (46.36%) of the Company;(2) Prime Star Group Co. Ltd, wholly owned by Ms. Chan Yoke Keow (being a director of the Company), is a beneficiary of 592,039,274 shares (19.12%) of the Company;(3) Mr. Chan Heng Fai (the spouse of Ms. Chan Yoke Keow, being a director of the Company) owns 3,124,300 shares (0.10%) of the Company; and(4) Ms. Chan Yoke Keow (the spouse of Mr. Chan Heng Fai) owns 150,936,643 shares (4.87%) 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
“connected person”	has the same meaning ascribed to it under the Listing Rules
“DBSS”	the Singapore public housing sector of the Design, Build and Sell Scheme

DEFINITIONS

“Director(s)”	the director(s) of the Company
“EC”	Executive Condominiums which is managed by the HDB
“Group”	the Company and its subsidiaries from time to time
“HDB”	Housing Development Board in Singapore
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the committee of the Board comprising Mr. Wong Dor Luk, Peter, Mr. Wong Tat Keung and Mr. Chan King Fai, each being an independent non-executive Director, constituted to advise the Shareholders on whether the terms of the JV Agreement are fair and reasonable
“Independent Financial Adviser”	Messis Capital Limited, the independent financial adviser to the Independent Board Committee and the Shareholders in relation to the entering into of the JV Agreement and a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
“JV Agreement”	A shareholders’ agreement amongst SPDPL, CIPL and KLRPL entered into on 28 June 2012 relating to the affairs of the JVC
“JVC”	Tampines EC Pte Ltd, a company incorporated in Singapore with limited liability on 21 May 2012, which is 30%, 40% and 30% owned by SPDPL, CIPL and KLRPL respectively
“Kay Lim”	Kay Lim Holdings Ltd, a company incorporated in Singapore with limited liability and owned by Mr. Tng and his associate
“KLRPL”	Kay Lim Realty Pte Ltd, a 90% owned subsidiary of Kay Lim

DEFINITIONS

“Land”	the land parcel at Tampines Central 7/Tampines Avenue 7/Tampines Avenue 9 in Singapore
“Latest Practicable Date”	7 September 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tng”	Mr. Tng Kay Lim, a director of SKLPL
“Project”	the acquisition of the Land by the JVC and its development into an Executive Condominium for sale
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGX-ST”	Singapore Exchange Securities Trading Limited
“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)
“SingXpress”	SingXpress Land Ltd, an indirect 52.40% owned subsidiary of the Company, the shares of which are listed on the SGX-ST
“SKLPL”	SingXpress Kaylim Pte Ltd, an indirect 80% owned subsidiary of SingXpress
“SPDPL”	SingXpress Property Development Pte Ltd, a wholly owned subsidiary of SingXpress
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“%”	per cent.

In this circular, the exchange rate of S\$1 to HK\$6.2 have been used for reference only.



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

Wong Tat Keung

Chan King Fai

13 September 2012

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

INTRODUCTION

On 11 May 2012, the Company announced that SingXpress submitted a tender for the land parcel at Tampines Central 7/Tampines Avenue 7/Tampines Avenue 9 at the tender price of approximately S\$233.5 million for the Land. Following the award of the above tender, on 28 June 2012, the Company announced that SPDPL has entered into a JV Agreement with CIPL and KLRPL for the purpose of owning and developing the Land. The joint venture is represented through the JVC, which is owned as to 30% by SPDPL, 40% as to CIPL and as to 30% by KLRPL.

This circular provides you with, among other things, (i) further details of the JV Agreement; (ii) the recommendation of the Independent Board Committee to the Shareholders; and (iii) the advice from the Independent Financial Adviser to the Independent Board Committee.

LETTER FROM THE BOARD

THE JV AGREEMENT

Date: 28 June 2012

Parties: (1) SPDPL;
(2) CIPL; and
(3) KLRPL.

Scope of Business of the JVC

The JVC has been formed on 21 May 2012 for an Executive Condominium public housing development in Singapore. SPDPL, CIPL and KLRPL hold 30%, 40% and 30% interest in the JVC respectively.

Registered Capital

The registered capital of the JVC shall be S\$1,000,000 (approximately HK\$6,200,000). Each of SPDPL, CIPL and KLRPL will contribute S\$300,000 (approximately HK\$1,860,000), S\$400,000 (approximately HK\$2,480,000) and S\$300,000 (approximately HK\$1,860,000) in cash in proportion to their respective equity interests in the JVC. The capital contribution to the JVC is determined after taking into account factors including the working capital requirement of the JVC in this type of business.

Such amount of registered capital is determined after arm's length negotiations between SPDPL, CIPL and KLRPL.

Based on the feasibility study prepared by the Group, the Project costs, being the total capital commitment of SPDPL, CIPL and KLRPL in respect of the formation of the JVC for the development of the Land, is estimated to be approximately S\$440 million to S\$500 million (approximately HK\$2,728 million to HK\$3,100 million), of which SPDPL is expected to contribute approximately S\$132 million to S\$150 million (approximately HK\$818.4 million to HK\$930 million), representing its 30% interest in the JVC.

Apart from the capital contribution, the Project costs for the development of the Land by the JVC will be funded by shareholders' loans from SPDPL, CIPL and KLRPL on a several and pro rata basis by reference to their respective interest in the JVC and project financing as deemed appropriate by the board of the JVC from time to time, in accordance with the payment obligations of the costs of the Land to the HDB and the construction schedule of the Land.

The JVC has secured banking facilities for the land loan and construction loan of the Project and the purchase price has been funded partly by internal resources and partly by bank borrowings in the ratio of approximately 25% and 75% respectively. The acquisition of the Land was completed on 13 August 2012. On 7 August 2012, the Company announced that on 6 August 2012, SingXpress entered into a conditional subscription agreement with a subscriber in relation to the subscription by the subscriber of an aggregate of 80 new non-redeemable, cumulative convertible non-voting perpetual preference shares ("CCPS") for net proceeds of approximately S\$94.2 million

LETTER FROM THE BOARD

(approximately HK\$584.0 million). Upon completion, SingXpress intends to utilise approximately S\$10 million (approximately HK\$62 million) of the net proceeds for the EC Project and the other three existing property development projects in Singapore. The remaining capital commitment of the EC Project, including the construction costs will be funded by internal resources, pre-sale proceeds from the EC units, bank borrowings and the proceeds from the issue of the CCPS as mentioned above. The capital commitment will be decreased if the Possible Economic Transfer (as defined in the section headed “Reasons for entering into the JV Agreement” was realised. After taking into account the financial resources available to the Group, including the proceeds of S\$5.4 million (approximately HK\$33.4 million) from the two share placements of SingXpress in April and May 2012, the proceeds of approximately S\$12.4 million (approximately HK\$76.9 million) from the disposal of SingXpress shares by the Group in April 2012, the available banking facilities for the EC Project and the proceeds from the subscription of the CCPS, the Directors are of the opinion that the Group will have sufficient working capital to finance the remaining capital commitment of the EC Project.

Upon making the capital contributions to the JVC, SPDPL, CIPL and KLRPL hold 30% 40% and 30% interest in the JVC respectively. The JVC will be classified as an associate of the Company in the accounts of the Group. The investment cost in the JVC will be recorded at cost in the Group’s balance sheet and the post-acquisition results of the JVC will be equity accounted for in the Group’s financial statements. The JVC will be an associate of the Company.

Board Composition of the JVC

The JVC shall comprise five directors, SPDPL, CIPL and KLRPL shall respectively appoint 2 directors, 2 directors and 1 director onto the boards of the JVC.

Information on the Land and the 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. Executive Condominiums (“EC”) were introduced to cater to Singaporeans, especially young graduates and professionals who can afford more than an HDB flat but find private property to be out of their reach. ECs are comparable in design and facilities to private condominiums as they are developed and sold by the private developers.

Under EC, the developer tenders for the land and enjoys flexibility in designing, pricing and selling the flats subject to the relevant legislation and rules to ensure building quality and safety. Flats sold under EC will be offered to buyers under similar HDB defined EC eligibility conditions. These conditions include citizenship, age, family nucleus, income ceiling and past or current ownership in other public or private property.

LETTER FROM THE BOARD

The JVC will be responsible for the sales of the EC flats. The typical sales arrangement for EC units is that prior to pre-sales, interested and eligible buyers will register their interest via an application. The number of interested parties often exceeds the number of units available and as such a randomized balloting process determines the position in queue for each buyer to select a unit should they choose to proceed. The buyers will be screened to ensure their eligibility. Eligibility criteria include citizenship, age, family nucleus and past or current ownership in other public or private property. The family income ceiling presently for EC eligibility is S\$12,000 (approximately HK\$74,000) per month. All eligibility terms are subject to change by the Ministry of National Development from time to time. Besides the eligibility restrictions, the JVC may generally use its own discretion relating to the sales of units.

With a 20,750.5 sq.m. site and 2.8 times plot ratio, the Group expects to complete 500-600 units in 4 years with a lease term of 99 years. The project site is a vibrant locale surrounded by lifestyle centres and natural landscapes. It is close to shopping amenities such as Tampines Mall, Tampines One and Century Square, near educational institutions such as St. Hilda's, Gongshang, and Poi Ching Primary Schools, as well as green sanctuaries such as Tampines Eco Park, Sun Plaze Park, Bedok Reservoir Park, the upcoming Integrated Lifestyle Hub, and is easily accessible via East Coast Parkway, Pan-Island Expressway, Tampines Expressway, Tampines MRT and the future Downtown Line 3 MRT Interchange.

The JVC shall be required to undertake at its own cost and expense the residential development of the Land for public housing development. It intends to employ experienced consultants for the development including: architects, structural engineers, M&E engineers and landscape architects etc. It is agreed under the JV Agreement that Kay Lim will act as the main contractor, CIPL shall act as the co-project managers and SingXpress shall act as the co-project managers and project administrator of the Project.

REASONS FOR ENTERING INTO THE JV AGREEMENT

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

SingXpress is engaged in property development and property trading and investment and treasury investments, whose shares are listed on the SGX-ST.

Amara which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is engaged in hotels, building construction and property development, specialty restaurants and food services, whose shares are listed on the SGX-ST and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Kay Lim is a private limited company incorporated in Singapore. It is mainly engaged in investment holding and building constructions. It carries on the business of investment holding and building construction and has a good reputation and strong experience in the development of other HDB public housing projects such as ones developed under the build-to-order scheme.

LETTER FROM THE BOARD

The formation of the JVC and the development of the Land are consistent with the core business strategies of the Group and are a continuation of the Group's principal activity in property development in Singapore with other business partners. The Project is undertaken pursuant to the approval from shareholders of SingXpress at the extraordinary general meeting held on 15 July 2011 in relation to the proposed participation in development projects under the DBSS and/or EC scheme, subject to the aggregate size of the project(s) not exceeding S\$300 million (approximately HK\$1,860 million) contributable by the Group, in connection with the proposed "Investment Banking" approach which is essentially a syndication approach whereby the Group takes the lead to seek out land sites with property acquisition and development/re-development opportunities, then evaluate the commercial risks and viability of these opportunities, and propose commercial parameters (such as the level of debt and equity) for the acquisition and development/re-development of such sites. Thereafter, the Group will source for co-investors and joint venture partners on such projects, and playing as far as possible a lead or co-lead role for the duration of these projects. Consistent with our investment-banking approach to property development, the Group is actively pursuing third party co-investing participation in SPDPL's economic interest in the JVC (the "Possible Economic Transfer"). Presently the Group may syndicate an estimated 20% in SPDPL's economic interest in the JVC to independent third party or parties with reference to the investment amount in SPDPL by the Group. The Company currently does not have any plan and timetable for a definite sale and purchase agreement to be concluded in respect of the Possible Economic Transfer and will follow the applicable requirement under the Listing Rules when the terms of the Possible Economic Transfer have been finalized.

The JVC will engage in a single purpose for the development of the Land which is of a revenue nature in the ordinary and usual course of business of the Company. The JV Agreement has contained clause(s) to the effect that the JVC may not, without its partners' unanimous consent, change the nature or scope of its business or enter into any transactions which are not on an arm's length basis. None of the Directors have a material interest in the joint venture arrangement, nor are they required to abstain from voting in the relevant board resolutions. The Directors (including the independent non-executive directors) confirmed that the formation of the JVC is conducted in the Company's ordinary and usual course of business and believe that the terms of the JV Agreement was negotiated on an arm's length basis and on normal commercial terms and are fair and reasonable and in the interest of the Shareholders and the Company as a whole.

LETTER FROM THE BOARD

LISTING RULES REQUIREMENT

Mr. Tng is a director of SingXpress Kaylim Pte Ltd, an indirect 80% owned subsidiary of SingXpress. The remaining 20% of SingXpress Kaylim Pte Ltd is held by Kay Lim. Mr. Tng (together with his associate) has beneficially interest in Kay Lim and thus a connected person of the Company under the Listing Rules.

The entering into the JV Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and therefore is subject to the independent shareholders' approval requirement, announcement and reporting requirements under the Listing Rules.

Written approval of the execution and performance of the JV Agreement, the transactions thereby contemplated was on 28 June 2012 obtained from the Closely Allied Group of Shareholders who together holding approximately 70.45% of the current issued share capital of the Company. As no shareholders of the Company are required to abstain from voting at a general meeting to approve the JV 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 JV Agreement and the transactions thereby contemplated.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the JV Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Directors (including the independent non-executive Directors) would recommend the Shareholders to vote in favour of the JV Agreement and the transactions thereby contemplated if a physical Shareholders' meeting was to be held.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 10 to 11 of this circular, and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and Shareholders in respect of the JV Agreement set out on pages 12 to 24 to this circular.

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

By order of the Board
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)

13 September 2012

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

INTRODUCTION

We refer to the circular of the Company dated 13 September 2012 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to advise you on the terms of the JV Agreement and the transactions contemplated thereunder. Messis Capital has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 12 to 24 of this Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the JV Agreement and the transactions contemplated thereunder and taking into account the independent advice of the Independent Financial Adviser and the relevant information contained in the letter from the Board, we are of the opinion that the entering into of the JV Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interest of the Company and its Shareholders as a whole. Accordingly, we recommend the Shareholders to vote in favour of JV Agreement and the transactions contemplated under the JV Agreement if a physical Shareholders' meeting was to be held.

Yours faithfully

For and on behalf of

Independent Board Committee

Wong Dor Luk, Peter

Wong Tat Keung

Chan King Fai

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Shareholders for the purpose of incorporation into this circular.



大有融資有限公司
MESSIS CAPITAL LIMITED

To the Independent Board Committee of
Xpress Group Limited
24th Floor, Wyndham Place,
40-44 Wyndham Street Central,
Hong Kong

13 September 2012

Dear Sirs,

CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Shareholders in connection with the JV Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “Board Letter”) in the circular (the “Circular”) issued by the Company to the Shareholders dated 13 September 2012. Capitalised terms used in this letter shall have the same meanings as defined in the Circular of which this letter forms part unless the content otherwise requires.

On 11 May 2012, the Company announced that SingXpress, an indirect 52.4% owned subsidiary of the Company, together with CIPL and KLRPL had been awarded the tender for the Land.

On 3 July 2012, the Company announced that the JVC had been formed for the purpose of owning and developing the Land. The JVC is owned as to 30% by SPDPL, a wholly owned subsidiary of SingXpress, as to 40% by CIPL and as to 30% by KLRPL. SPDPL, CIPL and KLRPL entered into the JV Agreement on 28 June 2012 in relation to the affairs of the JVC.

As set out in the Board Letter, KLRPL is a 90% owned subsidiary of Kay Lim, which in turn is owned by Mr. Tng and his associates. Mr. Tng is a director of SKLPL, an indirect 80% owned subsidiary of SingXpress, while the remaining 20% interest in SKLPL is held by Kay Lim. SingXpress is an indirect 52.4% owned subsidiary of the Company. As such, the entering into of the JV Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and therefore is subject to the independent shareholders’ approval requirement, announcement and reporting requirements under the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 28 June 2012, written approval of the execution and performance of the JV Agreement and the transactions contemplated thereunder was obtained from the Closely Allied Group of Shareholders who together hold approximately 70.45% of the current issued share capital of the Company. As no Shareholders of the Company are required to abstain from voting at a general meeting to approve the JV Agreement and the transactions contemplated thereunder, 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 JV Agreement and the transactions contemplated thereunder.

The Independent Board Committee, comprising Mr. Wong Dor Luk, Peter, Mr. Wong Tat Keung and Mr. Chan King Fai, all being the independent non-executive Directors, has been formed to advise the Shareholders as to as to the fairness and reasonableness of the terms of the JV Agreement and the transactions contemplated thereunder.

We, Messis Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders as to (i) whether the JV Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how the Shareholders should vote in respect of the respective resolutions to approve the JV Agreement and the transactions contemplated thereunder if a physical Shareholders' meeting was to be held.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things, (i) the Circular; (ii) the JV Agreement; (iii) the valuation report prepared by AVISTA Valuation Advisory Limited (the "Valuer"), an independent valuer, in respect of the Land (the "Valuation Report") as set out in Appendix I to the Circular; (iv) the joint tender submitted for the Land; and (v) the annual reports of the Company for the year ended 31 March 2011 ("AR2011") and 31 March 2012 ("AR2012"). We have assumed that all information, opinions and representations contained or referred to in other parts of the Circular are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations made by the directors and management of the Company that having made all reasonable enquiries and careful decisions, and to the best of their information, knowledge and belief, there is no other fact or representation the omission of which would make any statement contained in the Circular, including this letter, misleading. We have also assumed that all information, statements and representations made or referred to in the Circular, which have been provided to us by the Company, are true, complete and accurate in all material respects at the time they were made and continue to be so at the date of despatch of 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 the Shareholders in relation to the JV Agreement and the transactions contemplated thereunder, we have considered the principal factors and reasons set out below:

1. Principal activities and business strategy of the Group

The Group is principally engaged in property development and property trading and investment, treasury investments and hotel operation. In its property segment, the Group focuses on property development and property trading and investment in four main geographical areas, namely Singapore, Hong Kong, Japan and North America.

An overview of the segment revenue of the Group and the breakdown of revenue and assets of the Group by geographical market for the three years ended 31 March 2010, 2011 and 2012 respectively as extracted from the Company's annual reports is as follows:

Table A: Segment revenue of the Group for the three years ended 31 March 2010, 2011 and 2012 respectively

	Year ended 31 March		
	2010 (HK\$'000)	2011 (HK\$'000)	2012 (HK\$'000)
Revenue			
Finance Operations	1,216	658	263
Securities trading and investment	1,006	4,091	5,556
Treasury investment	23,394	14,337	12,219
Property investment and trading	15,458	25,045	32,262
Hotel operations	45,043	40,426	42,426
	86,117	84,557	92,726
	86,117	84,557	92,726

Table B: Revenue of the Group by geographical market for the three years ended 31 March 2010, 2011 and 2012 respectively

	Year ended 31 March		
	2010 (HK\$'000)	2011 (HK\$'000)	2012 (HK\$'000)
Revenue			
Hong Kong	16,443	15,615	11,519
North America	6,759	4,160	4,331
Singapore	8,768	15,120	23,252
Japan	45,043	40,426	42,427
	77,013	75,321	81,529
	77,013	75,321	81,529

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table C: Assets of the Group by geographical market for the three years ended 31 March 2010, 2011 and 2012 respectively

	Year ended 31 March		
	2010 (HK\$'000)	2011 (HK\$'000)	2012 (HK\$'000)
Hong Kong	436,894	682,784	265,012
North America	30,249	10,524	8,319
Singapore	547,390	967,701	1,852,408
Japan	124,290	135,858	133,099
	<u>1,138,823</u>	<u>1,796,867</u>	<u>2,258,838</u>

During the three years ended 31 March 2012, the Group's revenues from its property development and trading segment have been doubled from approximately HK\$15.46 million for the year ended 31 March 2010 to HK\$32.26 million for the year ended 31 March 2012, representing an increase of approximately 108.67%.

Moreover, the Group's Singapore investment has expanded rapidly during the past 3 years, with revenue contributed from Singapore investment significantly increased by 3 times from approximately HK\$8.8 million for the year ended 31 March 2010 to approximately HK\$23.5 million for the year ended 31 March 2012. As disclosed in the AR2012, the Group via subsidiaries of SingXpress acquired three property development projects in Singapore for S\$21.4 million, S\$21 million and S\$123.9 million respectively. The carrying amount of the Group's assets located in Singapore has increased from approximately HK\$547 million as at 31 March 2010 to approximately HK\$1,852 million as at 31 March 2012, which, as set out in Table C above, was the largest geographical segment of the Group in terms of segment assets among the Group's four geographical segments. The management of the Company believe that Singapore property market will continue to remain attractive due to its home ownership programs, political stability, low interest rate environment and an increasing population.

As advised by the Directors, the Company considers that the formation of the JVC and the development of the Land are consistent with the Group's core business strategies of taking on property development opportunities in Singapore with other business partners.

We are of the view that the acquisition of the Land and the Project in Singapore will add to the Group's existing property development and investment portfolio in Singapore, which can enhance the Group's presence in the EC market in Singapore's property development industry.

Accordingly, we concur with the view of the Directors that the formation of the JVC and the development of the Land conform with the overall business strategy of the Group and are conducted in the ordinary and usual course of the Group's business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Information of CIPL and KLRPL

CIPL is a wholly owned subsidiary of Amara. Amara is engaged in hotels, building construction and property development, specialty restaurants and food services. The shares of Amara are listed on the SGX-ST. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Amara and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

KLRPL is a 90% owned subsidiary of Kay Lim. Kay Lim is a private limited company incorporated in Singapore. As advised by the Directors, Kay Lim carries on the business of investment holding and building construction and has a good reputation and strong experience in the development of other HDB public housing projects such as ones developed under the build-to-order scheme.

Mr. Tng is a director of SKLPL, an indirect 80% owned subsidiary of SingXpress. The remaining 20% of SKLPL is held by Kay Lim. Mr. Tng (together with his associate) has beneficial interest in Kay Lim and is thus a connected person of the Company under the Listing Rules.

According to the management of the Company, Kay Lim, through its related construction company, Kay Lim Construction & Trading Pte Ltd ("Kay Lim Construction"), has since 1989 been recognized for its commitment to green building and outstanding project management. Kay Lim Construction has been conferred numerous prestigious awards for construction efficiency, quality, professionalism, innovation and for its demonstrated commitment towards sustainable environmental protection when undertaking HDB building projects. For the past years, Kay Lim was involved in several HDB building projects including the 2 development projects in Sengkang and one in Punggol East. Kay Lim Construction maintains an excellent safety track record and inculcates a strong safety culture among its team of builders. Over the years, Kay Lim Construction has attained a positive image and is trusted in its ability to deliver the promise of quality work to its clients. Award-winning developments of Kay Lim Construction include the Victoria School and Hotel (Best Buildable Design Award 2004) and Treelodge@Punggol (FuturArc Green Leadership Award 2011 & HDB Construction Award 2011). The management of the Company believed that such working teams of the Kay Lim have proven track records and possess the necessary expertise in carrying out construction related services in large scale property projects in the Singapore.

In addition, CIPL is a wholly owned subsidiary of Amara. Amara is engaged in hotels, building construction and property development, specialty restaurants and food services. Amara is a reputable, long-established leading hotel and property investor around south-east Asia. Amara's business portfolio included Amara Singapore, Amara Sanctuary Resort, Sentosa, Amara Signature Shanghai, 100 AM and Killiney 118. Amara have extensive experience and management techniques on the development and operation of hotels and properties and its related businesses. By leveraging-off Amara's reputation, established brand name and expertise in the industry, it shall be beneficial to the overall operation and performance of the JVC.

Having considered the completion of various HDB construction and related services for various property projects by Kay Lim and its related construction company in previous years, the Directors confirmed that they are satisfied with the quality of the construction and related services rendered by Kay Lim and they consider that Kay Lim's working teams' experience, knowledge and expertise can bring synergy for both the Company and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

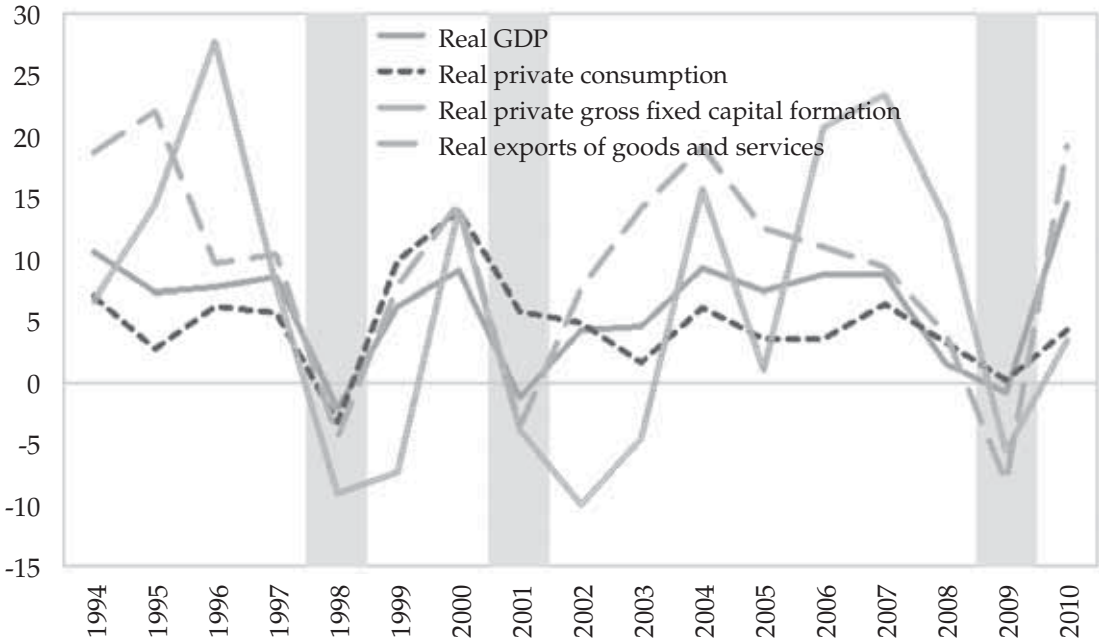
Kay Lim. The Directors therefore are of the opinion that the formation of the JVC with Kay Lim is in the best interest of the Company and its Shareholders as a whole.

As mentioned in the Board Letter, Kay Lim is a reputable property developer in the Singapore and has the capability in the construction of large scale property developments. According to the management of Company, the Land has a total site area of approximately 176,400 square feet. The maximum allowable gross floor area is approximately 441,000 square feet, and it is intended that 454 units of public housing, as well as a child care centre, car park, and ancillary facilities be developed on the Land. Based on the List of DBSS Sites Awarded published by the HDB, the Land is one of the largest land parcels which the HDB has opened for tender of DBSS projects. Having considered the reputation of Kay Lim, Kay Lim working teams' experience, knowledge and expertise on large scale property developments and the scale of the Project, we are of the view that the formation of the JVC will allow the Group to leverage on Amara's reputation, established brand name and Kay Lim's experience, connection and expertise and is in the interests of the Company and its Shareholders as a whole.

3. Property market in Singapore

Singapore, as a world-renowned international city, is one of the most affluent areas in the Southeast Asia in terms of its residents' disposable income. According to the "Singapore 2011 Article IV Consultation" published by the International Monetary Fund, Singapore had a permanent resident population of approximately 3,789,000 at the end of 2011 and a total population of approximately 5,183,000 at the end of 2011. Singapore had a gross domestic product per capita of approximately US\$59,900 and ranked the fifth in the world.

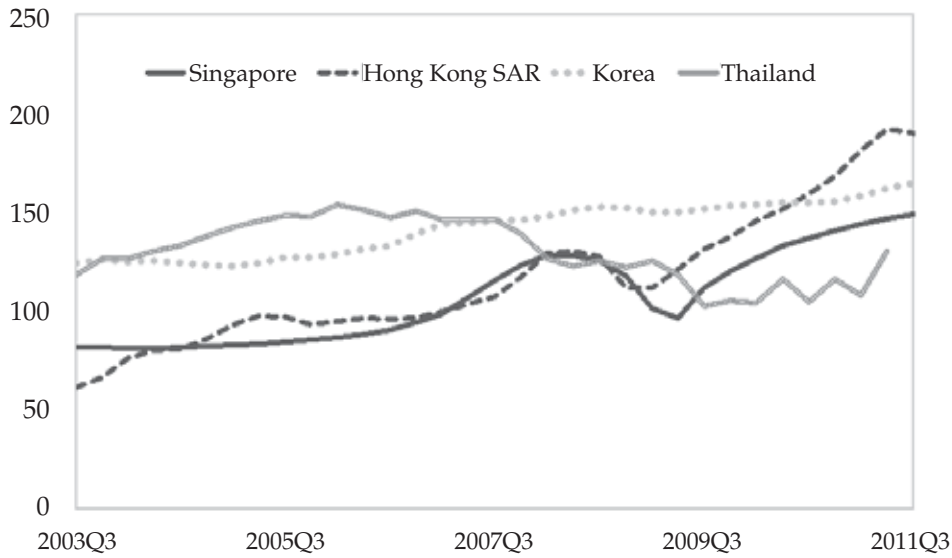
Real GDP, Consumption, Investment and Exports
(Year-on-year growth)



Sources: CEIC Data Co. Ltd.; and IMF staff estimates.

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Housing Market Indices
(2000: Q1=100)

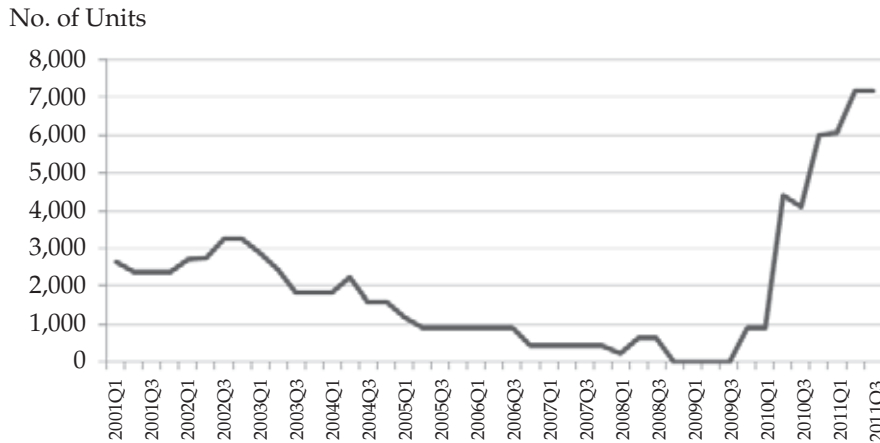


Sources: CEIC Data Co. Ltd.; and IMF staff estimates.

Sources: The "Singapore 2011 Article IV Consultation" published by the International Monetary Fund

After the global financial crisis in 2008, Singapore economy rebounded sharply, posting growth of 14.5 percent in 2010 in terms of GDP. The private residential property prices rebounded strongly and are now above the previous peak as suggested by the Housing Market Indices set out above.

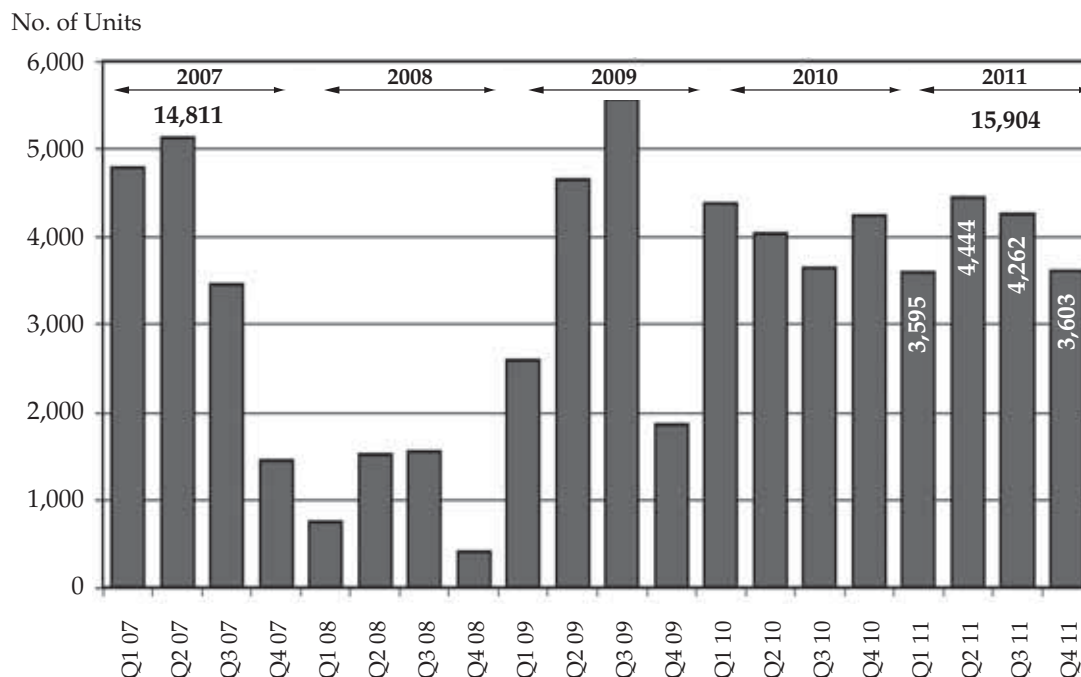
Supply of Executive Condominium Units in the Pipeline



Source: CBRE Press Release

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New Home Sales Volume (2007 to 2012)



Source: CBRE Press Release

As seen in above 2 charts, the property market in Singapore recorded higher newly launched EC units in third quarter of 2011. It is also noted from the above statistics that the new home sales volume in Singapore in 2011 has maintained at roughly the same level as in 2010. The increased supply of EC indicated a growing confidence of developers in the housing market in Singapore. Based on the information above, it is expected that the EC property market will attract more potential buyers compare to tradition private residential property.

Furthermore, the Singapore governments have reintroduced the EC in 2010 (last EC was sold in June 2004). Since EC are government subsidized and potential buyers are required to meet with HDB's set of criteria for homebuyers and the real mortgage rates have been very low or negative for the past two years, it is expected that the Singapore's home ownership programs, political stability and low interest rate environment will continue to boost the property market including commercial and residential properties, office buildings and hotels.

Having considered the strong growth momentum in the Singapore's economic development and the favourable trend of the property markets in Singapore, the Directors are of view that the prospect of Singapore's property market is promising. Based on our discussion with the management, the Company aims to further capture the growing momentum in the Singapore's property market. The Board considers that the formation of the JVC and the development of the Land is of a revenue nature and in the ordinary and usual course of business of the Group and will allow the Group to remain focused on its investment plan in the commercial/residential property market.

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4. The JV Agreement

i. Principal terms of the JV Agreement

Details of the terms of the JV Agreement are set out under the section headed "The JV Agreement" in the Board Letter of the Circular. The Directors consider that (i) the terms of the JV Agreement are fair and reasonable so far as the Group and the Independent Shareholders are concerned; and (ii) the JV Agreement was entered into on normal commercial terms.

We have reviewed the terms of the JV Agreement and noted that:

- (i) The JVC is owned as to 30% by the SPDPL, as to 40% by CIPL and as to 30% by KLRPL. The registered capital of S\$1,000,000 (approximately HK\$6,200,000) will be contributed in cash in proportion to the respective shareholding of the SPDPL, CIPL and KLRPL (together as the "JV Parties") in the JVC.
- (ii) The board of directors of the JVC will consist of five directors, two directors of which will be nominated by the SPDPL, two directors of which will be nominated by the CIPL and one director will be nominated by KLRPL.
- (iii) The JVC will engage in a single purpose for the development of the Land and the marketing and sale of strata units to be erected on the Land in the Project in accordance with all applicable laws, regulations and HDB rules and tender conditions and to deal with strata units in the Project. The JV Agreement has contained clause(s) to the effect that the JVC may not, without its partners' unanimous consent, change the nature or scope of its business or enter into any transactions which are not on an arm's length basis.
- (iv) The Project costs, being the total capital commitment of SPDPL, CIPL and KLRPL in respect of the formation of the JVC for the development of the Land, is estimated to be approximately S\$440 million to S\$550 million (approximately HK\$2,728 million to HK\$3,100 million), of which SPDPL is expected to contribute approximately S\$132 million to S\$150 million (approximately HK\$818.4 million to HK\$930 million), representing its 30% interest in the JVC.
- (v) The amount of shareholders' loan shall be made by each of the JV Parties on a several and pro rata basis by reference to their respective interest in the JVC.

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- (vi) Under the JV Agreement, Kay Lim will act as the main contractor; CIPL shall act as the co-project managers; and SingXpress shall act as the co-project managers and project administrator of the Project. The JVC shall be required to undertake at its own cost and expense the residential development of the Land for public housing development. It intends to employ experienced consultants for the development including architects, structural engineers, M&E engineers and landscape architects etc.

In view of the experience and expertise of the respective JV Parties in property development and hotel management, we consider that the Project development, management and project consultancy services to be provided by the JV Parties and other professional parties will be suitable for the Project. In addition, we have reviewed the previous three property re-development projects being developed by the Group, and noted that the projects' costs for these projects are comparable to the Project cost.

We have inspected the JV Agreement and the articles of association of the JVC and we are not aware of any terms that are prejudicial to the interest of any of the parties. As such, we consider that the terms of the JV Agreement and the articles of association of the JVC are fair and reasonable so far as the Company and its Shareholders as a whole are concerned.

ii. Valuation methodology of the Valuer

According to the valuation report issued by the Valuer, the valuation of the Land were approximately S\$240.53 million (approximately HK\$1,491.28 million) as at 31 July 2012. We have discussed with the Valuer regarding the methodology of, and basis and assumptions adopted for the Valuation including the direct comparison approach and have reviewed the comparable sales evidence provided by the Valuer. We concur with the Valuer that the methodology adopted by it is a reasonable approach and its comparable sales evidence has fairly reflected the market value of the Properties.

Based on the above, we concur with the Directors' view that (i) the terms of the JV Agreement are fair and reasonable so far as the Group and the Shareholders are concerned; and the (ii) the JV Agreement was entered into on normal commercial terms.

5. Reasons for entering into of the JV Agreement

As set out in the Board Letter of the Circular, the principal objective of the entering into of the JV Agreement by the JV Parties is to jointly participate in the acquisition of the Land and the development of the Land into an Executive Condominium for sale.

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The JVC will engage in a single purpose for the development of the Land. The Directors believe that the potential cooperation through the establishment of the JVC with Amara and Kay Lim allows the Company to reduce its own construction cost and management cost by sharing with Amara and Kay Lim and to ride on the synergies of the three companies in terms of scale, production structure, market shares and logistics management and to expedite the development and construction of the Project by leveraging on the resources and expertise of Amara and Kay Lim. The Project has been obtained by the JV Parties in accordance with the tender submitted to HDB on 10 May 2012.

Having considered the above, we concur with the view of the Board that the formation of the JVC and the development of Land can further expand its portfolio of investment properties, broaden its revenue base and enable the Group to capture the growth in Singapore's property with only reasonable capital commitment into the Project.

6. Possible financial effects

The following analysis is based on the audited consolidated financial statements of the Company for the year ended 31 March 2012. The JVC will become an associate company of the Company and their financial results will not be consolidated into the Company's financial statements.

Net asset value

The consolidated net assets of the Group would remain unchanged, as the capital commitment of S\$300,000 (approximately HK\$1,860,000) will be financed by internal resources and upon establishment of the JVC, its total assets and liabilities will not be consolidated in to the accounts of the Group but the investment in the JVC will be accounted for under the "equity method" of accounting.

Earnings

The JVC is not expected to bring in any immediate impact to the earnings of the Group upon establishment of the JVC. The effects on the future earnings of the Group will depend on, among other things, the operating results of the JVC. The Directors expect that the formation of the JVC would likely to have a positive impact on the Group's future earnings but given the preliminary status of the JVC, the Group is not in a position to state when such an impact on earnings can be accounted for under the "equity method" of accounting.

Working capital and gearing

We have reviewed the Project's cashflow forecast, payment schedule and the construction schedule and the previous property re-development projects developing by the Group and we noted that the Project's cashflow forecast, payment schedule and the construction schedule are comparable to the previous projects.

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The audited consolidated cash and bank balance of the Group was approximately HK\$116.3 million while the gearing ratio (defined as total borrowings less bank balances and cash and pledged bank deposit to total assets) was approximately 44.6% as at 31 March 2012.

Based on the information provided by the management of the Company and the current assumptions on how the JVC would be funded, the Land cost will be funded partly by internal resources of each JV Parties and partly by bank borrowings from the JVC in the ratio of approximately 25% and 75% respectively. According to the management of the Company, the Group had already paid the full portion by the Group's internal resources. After the completion of the investment into the JVC, the unaudited cash and bank balance as at 31 July 2012 was slightly increased compare to the cash and bank balance of the Group as at 31 March 2012. According to the management of the Group, the increase of the unaudited cash and bank balance was mainly contributed by the result of the advance receipt from the pre-sale of the previous property re-development projects, the placements of SingXpress in April 2012 and the disposal of SingXpress shares by the Group. In addition, based on the information provided by the management of the Group, more revenue will be generated from the sales of the previous property re-development projects and currently the Group does not have any other significant capital expense beside the commitment of the Project.

As mentioned in the Board Letter, the JVC has secured a banking facility for the Project. We have reviewed the banking facility letter to the JVC and noted that the bank has provided 3 loans including: (i) land loan, (ii) construction loan and (iii) development charge loan, the aggregate banking facility representing approximately 61% of the total Project costs and the JVC shall fully repay the land loan, construction loan and/or development charge loan in one lump sum according to the repayment schedule of the banking facility. According to the Project's forecast, the construction will begin in this year and the pre-sale of EC units is expected to commence soon. The forecast's schedule are comparable to the previous projects developing by the Group. The Company expects that in the first phase of the pre-sale, significant amount of the EC units can be sold, which can generate considerable amount of cash inflow for the JVC from the pre-sales of the EC units.

In view of the above, we consider that the formation of the JVC will not have any material adverse effects on the Group's overall financial position.

The Company is expected to contribute approximately S\$132 million to S\$150 million to the JVC, representing its 30% interest in the JVC. The capital commitment will be funded by internal resources, pre-sale proceeds from the EC units, bank borrowings and the proceeds from the issue of the CCPS as mentioned in the Board Letter. The JVC has secured a banking facility for the Project and the aggregate banking facility representing approximately 61% of the total Project costs. Therefore, the remaining capital commitment required to be funded by internal resources will be approximately S\$51 million (approximately HK\$320 million). According to the management of the Company, the financial resources available to the Group, including the proceeds of S\$5.4 million (approximately HK\$33.4 million)

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from the two share placements of SingXpress in April and May 2012, the proceeds of approximately S\$12.4 million (approximately HK\$76.9 million) from the disposal of SingXpress shares by the Group in April 2012 and the S\$94.2 million (approximately HK\$584.0 million) proceeds from the subscription of the CCPS. Upon completion of the subscription of the CCPS, the Group will have more than HK\$750 million cash and balance. Therefore, we concur with the views of Directors that the Group will have sufficient working capital to finance the remaining capital commitment of the Project.

Possible Economic Transfer

As discussed with the management of the Company, it is the Group's business strategy for the property acquisition and development as an investment banking approach. This approach can allow the Group to leverage the additional capital gain/reduction of the Group commitment on Project from Possible Economic Transfer to enable the Group to spread its investment risks and enhance the efficiency of its capital utilization, thereby enhancing the Group's financial position. The Group will source for co-investors and joint venture partners on such projects, and playing as far as possible a lead or co-lead role for the duration of these projects. As the Company currently does not have any plan and timetable for a definite sale and purchase agreement to be concluded in respect of the Possible Economic Transfer, the effect of the Possible Economic Transfer are not yet ascertainable.

RECOMMENDATION

We have considered the above principal factors and reasons and particularly (i) the strategic rationale of the formation of the JVC and the development of the Land; (ii) the terms and conditions of the JV Agreement; and (iii) the possible financial effects. Based on the above principal factors and reasons, we consider that the entering into of the JV Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interest of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Shareholders of the Company to vote in favour of JV Agreement and the transactions contemplated under the JV Agreement if a physical Shareholders' meeting was to be held.

Yours faithfully,
for and on behalf of
Messis Capital Limited
Kinson Li
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 31 July 2012 of the property interests held by the Group.



Suite 807, 8th Floor, AXA Centre, 151 Gloucester Road,
Wan Chai, Hong Kong

TEL : (852) 3907 0680 FAX : (852) 3914 6388

info@avaval.com

www.avaval.com

Date: 13 September, 2012

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

Dear Sirs,

We were instructed by Xpress Group Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) to value the property interests of a parcel of land located in Singapore which has been awarded to SingXpress Property Development Pte Ltd (“SPDPL”), Creative Investments Pte Ltd (“CIPL”) and Kay Lim Realty Pte Ltd (“KLRPL”) (a joint-venture company in the equity proportion of 30%, 40% and 30% respectively to be established under the laws of Singapore (the “JV Company”)) by Singapore Government through a tender bid relating to the Singapore public housing sector of the Executive Condominium Housing (the “EC” Project), 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 31 July 2012 (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. We have also been advised by the Company that no material factors have been omitted from the information to reach an informed view and we have no reason to suspect that any material information has been withheld.

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 area in respect of the property but have assumed that the area 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 appraised property. However, we must point out that 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.

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 values.

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 (S\$).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Avista Valuation Advisory Limited
Sr Oswald W Y Au
MHKIS AAPI MSc(RE)
Registered Professional Surveyor (GP)
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 5 years' experience in the valuation of properties in the PRC and 8 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	Capital value in existing state as at 31 July, 2012 S\$
A parcel of land located at Tampines Central 7/ Tampines Avenue 7/ Tampines Avenue 9 Singapore (the "Land")	The property comprises a parcel of land which located at the junction of Tampines Central 7, Tampines Avenue 7 and Tampines Avenue 9 within Tampines with a total site area of approximately 20,750.5 sq.m.	As at the date of valuation, the property was a bare land.	No commercial value
(Land Lot No. 2911V/MK29)	As advised by the Group that a proposed residential public housing development under the EC Project will be developed on the property with a maximum total gross floor area of approximately 58,101.4 sq.m. and the estimated construction cost is approximately S\$140,000,000, subject to the final approval of the development plan by the Government. The property will be held under a lease term of 99 years which is subject to the terms and conditions to be set out by the Singapore Government.		

Notes:

1. According to the information provided by the Group that on 10 May, 2012, SPDPL, CIPL and KLRPL have jointly participated in a tender relating to the EC Project and received the provisional tender results on the same date. The property has been awarded to SPDPL, CIPL and KLRPL on 14 May, 2012. The acquisition price (the "Price") for the property is S\$233,525,655. SPDPL, CIPL and KLRPL will participate in the joint acquisition and development of the EC Project through the JV Company.
 - i. SPDPL is a wholly owned subsidiary of SingXpress Land Ltd which is an indirect 52.40% owned subsidiary of the Company, the shares of which are listed on the SGX-ST.
 - ii. CIPL is an independent third party.
 - iii. KLRPL is a 90% owned subsidiary of Kay Lim Holdings Ltd which is a company incorporated in Singapore with limited liability and owned by Mr. Tng who is a director of SKLPL is an indirect 80% owned subsidiary of SingXpress Land Ltd.

2. Pursuant to the tender document prepared by the Singapore Housing & Development Board (the "Tender Document") that the permitted use of the property is for residential purposes for Public Housing Development in the Republic of Singapore under the Executive Condominium Housing Scheme Act (Cap 99A) 1997 Revised Edition and the regulations thereunder, as outlined on the Certified Plan No. 85312.
3. Pursuant to the Tender Document, there are few main clauses under the terms and conditions of the EC Project:
 - i. The said Land shall be developed in accordance with plans approved or to be approved by the Competent Authority under the prevailing edition of the Planning Act (Chapter 232) for the purpose of Executive Condominium Housing Development;
 - ii. The EC Project completion period shall be within 48 months from the date of acceptance of tender;
 - iii. A permissible total gross floor area not exceeding 58,101.4 sq.m. but not less than 52,291.26 sq.m. (the "allowable GFA"); and
 - iv. Based on the site area of 20,750.5 sq.m., the permissible Gross Plot Ratio shall not exceed 2.8.
 - v. The Successful Tenderer or the approved developer may be required to divert some existing utility services such as pipes, cables, etc including, drains (opened or concealed), and the cost of such diversion (if any) shall be borne by the Successful Tenderer or the approved developer and shall be paid by him forthwith on demand to the Public Utilities Board, PowerGrid Ltd or other relevant competent authorities.
 - vi. The proposed development shall be subjected to a technical height control of 53m to 63m AMSL, as shown indicatively in the Control Plan.
4. 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 S\$240,530,000 (15.72% interest attributable to the Group: S\$37,811,316), 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.
5. Pursuant to the payment terms of the Tender Document, the entire amount of the Price is required to be paid in accordance with the following schedule:
 - i. Tender Deposit, being S\$11,701,590 paid at submission of the Tender;
 - ii. S\$46,679,823.75, being 25% of the Price (less Tender Deposit) to be paid within twenty-eight (28) days of the date of acceptance of the tender; and
 - iii. S\$175,144,241.25, being 75% of the Price to be paid within ninety (90) days of the date of acceptance of the tender.
6. Pursuant to the Amendments to Master Plan 2008 published by Urban Redevelopment Authority of Singapore Government, the subject lot has been planned from Reserve Site to Residential Zone (approved on 23 May 2012).
7. The property was last inspected by Raymond C. C. Chan assistant valuer of Avista Valuation Advisory Limited on 13 July 2012.
8. We have confirmed with the Company that there was no material difference between the date of valuation and the date of inspection.

9. The definition of the capitalized terms on the above paragraph as follows:
- i. Competent Authority - Included but not limited to Singapore Housing & Development Board (HDB) and all related authorities.
 - ii. Public Utilities Board (PUB) - A statutory board of the Ministry of the Environment and Water Resources under the Government of Singapore. PUB was set up to ensure the supply of water in Singapore.
 - iii. PowerGrid Ltd. - A member of Singapore Power Group, manages Singapore's electricity and gas transmission and distribution networks. It uses cutting-edge technology to deliver highly reliable and efficient energy supply to industrial, commercial and residential customers.
 - iv. Control Plan - Special & Detailed Controls Plans, Building Height Plan and Areas with special height controls are depicted on the plan controls by the Urban Redevelopment Authority, Singapore.
10. Market information:
- i. According to the Singapore Urban Redevelopment Authority publication of Property Market Information 2nd quarter 2012, the vacancy rate of the Executive Condominiums was only 0.4%, the lowest figures appears since 2nd quarter of 2010.
 - ii. According to Singapore Urban Redevelopment Authority, the index of the private non-landed residential sector which measures the average price of private non-landed residential apartment and condominium, is slightly increased from 198.1 (Q1,2012) to 199.0 (Q2,2012).

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. 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 share capital	Percentage of the issued shares held of the Company %
Chan Heng Fai	Beneficial owner	3,124,300	0.09
	Held by controlled corporation (<i>Note 1</i>)	1,776,785,806	50.67
		<u>1,779,910,106</u>	<u>50.76</u>
Chan Yoke Keow	Beneficial owner	220,357,843	6.28
	Held by controlled corporations (<i>Note 2</i>)	592,039,274	16.88
		<u>812,397,117</u>	<u>23.16</u>
Fong Kwok Jen	Beneficial owner	7,333,600	0.21
Chan Tong Wan	Beneficial owner	11,425,522	0.33
Wong Dor Luk, Peter	Beneficial owner	280,000	0.01
		<u>2,611,346,345</u>	<u>74.47</u>

(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	3.53
	5.22.2006	5.22.2006 – 5.8.2013	0.1534	49,008,000	1.40
Chan Tong Wan	11.15.2004	11.20.2004 – 5.8.2013	0.1583	15,313,500	0.44
	5.22.2006	5.22.2006 – 5.8.2013	0.1534	5,104,500	0.15
Fong Kwok Jen	11.15.2004	11.20.2004 – 5.8.2013	0.1583	4,594,050	0.13
Wong Dor Luk, Peter	11.15.2004	11.20.2004 – 5.8.2013	0.1583	3,062,700	0.09
				200,968,550	5.74

(c) *Bonds of HK\$100 each of the Company*

Name of director	Capacity	Number of issued ordinary share capital	Percentage of the issued shares held of the Company %
Chan Heng Fai	Beneficial owner Held by controlled corporation (<i>Note 3</i>)	404,029	38.25
		7,200	0.68
		411,229	38.93
Chan Yoke Keow	Beneficial owner Held by controlled corporation (<i>Note 2</i>)	134,217	12.71
		234,319	22.18
		368,536	34.89
Fong Kwok Jen	Beneficial owner	1,680	0.16
Chan Tong Wan	Beneficial owner	4,528	0.43
	Held by controlled corporation (<i>Note 4</i>)	60,000	5.68
		64,528	6.11
		845,973	80.09

Notes:

1. These shares are owned by Heng Fai Master Holdings Limited, which are ultimately owned by a discretionary trust established by Mr. Chan Heng Fai as settlor.
2. These shares/bonds are owned by Prime Star Group Co. Ltd., in which Ms. Chan Yoke Keow has 100% equity interests.
3. These bonds are owned by Heng Fai Holdings Limited, in which Mr. Chan Heng Fai has 100% equity interests.
4. These bonds are owned by Tango Bay Limited, which are ultimately owned by a discretionary trust established by Mr. Chan Tong Wan as settlor.

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	%
Heng Fai Master Holdings Limited	Beneficial owner	1,776,785,806	50.67
Prime Star Group Co., Ltd.	Beneficial owner	592,039,274	16.88

(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%
Charlton Residences Pte Ltd	ACT Holdings Pte Ltd	20%
SingXpress KayLim Pte Ltd	Kay Lim Holdings Pte Ltd	20%

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 10 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 Heng Fai ("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. In the event that either party terminate the service contract, the terminated party shall be entitled to receive, and the terminating party shall pay and transfer to the terminated party, as liquidated damages, a lump sum equal to the sum which would have been payable by the Company to Mr. Chan as gross salary (excluding bonus, if applicable), not to exceed 12 months of salary, in respect of the unexpired term of the service contract on the date notice of termination is given.

On 2 February, 2010, a service contract was entered into between SingXpress and Mr. Chan for a term of three years commencing from 1 February, 2010. The service contract provides for the payment of a monthly salary of S\$30,000. In addition, Mr. Chan is also entitled to receive an accommodation allowance of HK\$30,000 per month. In the event that either party terminate the service contract, the terminated party shall be entitled to receive, and the terminating party shall pay and transfer to the terminated party, as liquidated damages, a lump sum equal to the sum which would have been payable by the Company to Mr. Chan as gross salary (excluding bonus, if applicable), in respect of the unexpired term of the service contract on the date notice of termination is given.

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. 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.

7. 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 2012 (being the date to which the latest published audited consolidated accounts of the Group were made up).

8. 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
Messis Capital Limited	A corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Avista Valuation Advisory Limited (collectively, the "Experts")	an independent professional property valuer

The Experts have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letter and/or references to their 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 Experts have 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 Experts are given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, none of the Experts have any direct or indirect interests in any assets which had been since 31 March 2012, 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.

9. 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, 2012, 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.

10. 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 28 September 2012.

- (a) the JV Agreement dated 28 June 2012;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 10 to 11 in this circular;
- (c) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Shareholders, the text of which is set out on pages 12 to 24 in this circular;
- (d) the service contracts referred to in the section headed "SERVICE CONTRACTS" in this Appendix;
- (e) the valuation report dated 13 September 2012 prepared by Avista Valuation Advisory Limited as set out in Appendix I; and
- (f) the written consents referred to in the paragraph headed "Expert and consent" in this Appendix.