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## **XPRESS GROUP LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code 185)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

The Board announced that after the market close on 8 January 2010, the Company and the Purchaser, an indirect wholly-owned subsidiary of the Company, have entered into a conditional Agreement with the Vendor, pursuant to which the Purchaser will acquire the Sale Shares and the Shareholder Loan for a consideration of HK\$40.7 million.

The Consideration was determined after arm's length negotiation and with reference to the unaudited net assets value of Expats as at 31 December 2009 in an amount of approximately S\$582,000 (approximately HK\$3.22 million); the Shareholder Loan in an amount of approximately S\$4.39 million (approximately HK\$24.25 million); the average closing prices of the Share as quoted on the Stock Exchange for the last five trading days immediately preceding the Last Trading Day and independent valuation report issued by an independent professional valuer appointed by the Purchaser.

As the Vendor is a substantial Shareholder, the Chairman of the Board and an executive Director, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under the Listing Rules. The Acquisition is subject to the Independent Shareholders' approval and Mr. Chan and his associates will abstain from voting on the resolution(s) approving the Agreement and the Acquisition to be proposed at the EGM, which will be conducted by way of a poll.

The Acquisition also constitutes a discloseable transaction for the Company under the Listing Rules.

A circular containing, amongst others, details of the Agreement and the Acquisition, a letter from the independent board committee of the Company, a letter of advice from the independent financial adviser and a notice of the EGM will be sent to the Shareholders as soon as practicable.

## **THE AGREEMENT**

8 January 2010

### **Parties:**

- (1) The Vendor
- (2) The Purchaser
- (3) The Company

The Vendor is a substantial Shareholder, the Chairman of the Board and an executive Director. The Purchaser is an indirect wholly-owned subsidiary of the Company and an investment holding company.

### **Sale and Purchase:**

Pursuant to the Agreement, the Vendor will sell and the Purchaser will purchase the Sale Shares and the Shareholder Loan in accordance with the terms of the Agreement.

### **Assets to be acquired:**

The Sale Shares, representing the entire issued share capital of Expats, and the Shareholder Loan. Expats holds the Properties.

### **The Consideration:**

The Consideration of HK\$40.7 million, is to be satisfied on Completion by the issuance of 301,481,481 Consideration Shares credited as fully paid at the Issue Price of HK\$0.135 per Share to the Vendor (or its nominees) on Completion.

The Consideration (including the Issue Price) was determined after arm's length negotiations with reference to the unaudited net assets value of Expats as at 31 December 2009 in an amount of approximately S\$582,000 (approximately HK\$3.22 million); the Shareholder Loan is an amount of approximately S\$4.39 million (approximately HK\$24.25 million); the average closing prices of the Share as quoted on the Stock Exchange for the last five trading days immediately preceding the Last Trading Day and the valuation report issued by an independent professional valuer appointed by the Purchaser.

The 301,481,481 Consideration Shares represent (i) approximately 12.89% of the existing issued share capital of the Company and (ii) approximately 11.42% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. An EGM will be convened by the Company at which resolution(s) will be proposed to the Shareholder for the approval of the specific mandate for the issue of the Consideration Shares.

**The Issue Price represents:**

- (i) a discount of approximately 3.57% to the closing price of HK\$0.140 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 6.64% to the average closing price of approximately HK\$0.145 per Share as quoted on the Stock Exchange for the last 5 trading days immediately preceding and including the Last Trading Day.

Based on the average closing prices of the Share as quoted on the Stock Exchange for the last five trading days immediately preceding the Last Trading Day at HK\$0.145, the value of the Consideration Shares represents a sum of approximately HK\$43.6 million. The Agreement does not contain any restrictions on the sale of the Consideration Shares after Completion.

**Conditions of the Agreement:**

Completion is conditional on:

- (a) all requisite resolution(s) being passed by the Independent Shareholders by way of a poll at the EGM approving the terms of and the transactions contemplated in the Agreement and the implementation thereof;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares to be issued pursuant to the terms hereof;
- (c) the executive director of the Corporate Finance Division of the Securities and Futures Commission waiving of the obligation of the Vendor to make a general offer for the shares of the Company pursuant to Note 6 to Rule 26.1 of the Takeovers Code in respect of the Acquisition, if required; and
- (d) completion of a due diligence review on Expats and the Properties to the sole satisfaction of the Purchaser in its absolute discretion.

If the conditions above have not been fulfilled (or waived (except for (a), (b) and (c) above) by the Purchaser) on or before 30 June 2010 or such other date as the Vendor, the Purchaser and the Company may agree in writing, the Agreement shall terminate save whereupon the parties shall have no further claims against each other under the Agreement save for accrued rights.

**Completion:**

Completion is to take place on the third Business Day after all conditions precedent to the Agreement have been satisfied or waived by the Purchaser (or such other time and date as the parties to the Agreement may agree).

Other terms:

The Company has guaranteed the performance of the obligations of the Purchaser under the Agreement.

## **Information on Expats:**

Expats is an investment holding company incorporated in the Singapore with limited liability and is wholly-owned by the Vendor. It is principally engaged in property investment and its principal assets are the Properties.

Expats has entered into 5 agreements to purchase the Properties for an aggregate consideration of approximately S\$4.91 million (approximately HK\$27.14 million). Apart from the interest in the Properties, Expats does not have any other investment or operation.

The Properties are situated at 883 North Bridge Road, Singapore 198785. The total gross floor area of the Properties is 6,157 sq. ft. The Properties are situated at one of the main city streets of Singapore and are units of SOHO (Small Office Home Office) for commercial/residential use, which is a new concept launched in Singapore. The Properties are expected to be completed no later than 30 November 2010. With reference to the valuation report issued by an independent professional valuer appointed by the Purchaser, the valuation of the Properties were approximately S\$7.68 million (approximately HK\$42.43 million as at 31 December 2009).

Immediately upon completion of the Acquisition, Expats will become a subsidiary of the Company and its results will be consolidated into the financial statements of the Group.

The net loss before and after taxation of Expats as set out in the audited financial statements for the year ended 31 March 2009 was approximately HK\$5,000 and approximately HK\$5,000 respectively. For the year ended 31 March 2008, the audited net loss before and after taxation of Expats was approximately HK\$4,000 and approximately HK\$4,000 respectively. The net assets of Expats as set out in its audited financial statements as at 31 March 2009 was approximately HK\$3.39 million. The unaudited net assets of Expats was approximately HK\$3.22 million as at 31 December 2009.

## **REASON FOR THE ACQUISITION**

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

As at the date of this announcement, the Group has entered into agreements to purchase 23 units situated at 883 North Bridge Road, Singapore 198785 (in the same building of the Properties). The Acquisition shall enable the Group to further increase its property portfolio in the same building and establish its flagship property in Singapore. The Properties will be used by the Group for investment purpose by way of rental income upon completion.

The Directors consider that the Acquisition is good investment opportunities for the Group and believe that its dual use for commercial and residential will benefit from the anticipated growth in value of the Properties while expanding the portfolio of the Group's investment properties in Singapore and providing more income stream in the future when compared with the other units solely for residential use. The Directors are of the view that the Acquisition are in the interest of the Group and the terms of Acquisition in the Agreements are in normal commercial terms, which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## EFFECT ON THE SHAREHOLDING STRUCTURE

Set out below is a table showing the Company's existing shareholding structure and that immediately after Completion:

	Existing shareholding as at the date of this announcement		Immediately after Completion	
	<i>No. of Shares</i>	<i>approx. %</i>	<i>No. of Shares</i>	<i>approx. %</i>
Mr. Chan and his associates	1,414,272,163	60.46%	1,715,753,644	64.97%
Mr. Chan Tong Wan	8,145,522	0.35%	8,145,522	0.31%
Mr. Chan Tung Moe	7,784,000	0.33%	7,784,000	0.29%
Ms. Mary-ann Chan	6,265,398	0.27%	6,265,398	0.24%
Mr. Fong Kwok Jen	7,333,600	0.31%	7,333,600	0.28%
Controlling shareholders	1,443,800,683	61.72%	1,745,282,164	66.09%
Other Directors	644,800	0.03%	644,800	0.02%
Public	894,909,086	38.25%	894,909,086	33.89%
Total	<u>2,339,354,569</u>	<u>100.00%</u>	<u>2,640,836,050</u>	<u>100.00%</u>

Upon Completion, the interest of Mr. Chan and his Concert Parties in the voting rights of the Company would increased from approximately 61.72% to approximately 66.09% and the individual interest of Mr. Chan in the voting rights of the Company would increased from approximately 30.11% to approximately 38.09% immediately upon Completion. An application has been made to the executive director of the Corporate Finance Division of the Securities and Futures Commission waiving the obligation of Mr. Chan to make a general offer for the shares of the Company pursuant to Note 6 to Rule 26.1 of the Takeovers Code in respect of the Acquisition.

## GENERAL

As the Vendor is a substantial Shareholder, the Chairman of the Board and an executive Director, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under the Listing Rules. The Acquisition is therefore subject to the approval by the Independent Shareholders by way of a poll and Mr. Chan and his associates will abstain from voting in respect of the resolution(s) to approve the Agreement and the Acquisition at the EGM.

The Acquisition also constitutes a discloseable transaction for the Company under the Listing Rules. An independent board committee of the Company has been formed to advise the Independent Shareholders. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders.

A circular containing, amongst others, details of the Agreement and the Acquisition, a letter from the independent board committee of the Company, a letter of advice from the independent financial adviser and a notice of the EGM will be sent to the Shareholders as soon as practicable.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Shares and the Shareholder Loans by the Purchaser from the Vendor subject to the terms of the Agreement
“Agreement”	the conditional sale and purchase agreement entered into between the Purchaser, the Vendor and the Company after the market close on 8 January 2010 relating to the sale and purchase of the Sale Shares and the Shareholder Loans and the issue of the Consideration Shares
“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“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
“Completion”	completion of the Agreement
“Conditions”	the conditions precedent set out under the heading of “Conditions of the Agreement” of this announcement
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	HK\$40.7 million for the sale and purchase of the Sale Shares and the Shareholder Loans and to be satisfied in the manner as set out in the Agreement
“Consideration Shares”	301,481,481 new Shares, being the consideration payable by the Company for the Sale Shares and the Shareholder Loans in accordance with the terms of the Agreement
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of approving the Agreement and the Acquisition or any adjournment thereof (as the case may be)
“Expats”	Expats Residences Pte Ltd, a company incorporated in Singapore with limited liability which is 100% owned by Mr. Chan
“Group”	the Company and its subsidiaries from time to time
“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 Shareholders”	the Shareholders other than Mr. Chan and his associates
“Issue Price”	HK\$0.135 per Share, being the issue price for the Consideration Shares
“Last Trading Date”	8 January 2010
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Heng Fai, a substantial Shareholder, the Chairman of the Board and an executive Director
“Properties”	5 units (#13-01, 19-01, 19-03, 19-04, 19-05) situated at 883 North Bridge Road, Singapore 198785
“Purchaser”	Corporate Space Pte Ltd, an indirect wholly-owned subsidiary of the Company, which is the purchaser under the Agreement to acquire the Sale Shares and the Shareholder Loan from the Vendor
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“Sale Shares”	100% of the issued and paid-up capital of Expats
“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)
“Shareholder Loans”	Shareholder loans owing by Expats to the Vendor which amount to approximately S\$4.39 million (approximately HK\$24.25 million) as at the date of Completion



“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases
“Vendor”	Mr. Chan

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

Hong Kong SAR, 8 January 2010

*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. Joao Paulo Da Roza and Mr. Wong Tat Keung.*

*All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.*