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XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

ANNOUNCEMENT

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board announces that SingXpress proposes the Rights Issue and XCL has undertaken to subscribe for the 1,865,504,000 Right Shares provisionally allotted to XCL. The proposed Undertaking commitment does not constitute a notifiable transaction for the Company pursuant to Chapter 14 of the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Xpress Group Limited (the “Company”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Board announces that SingXpress is proposing to undertake the Rights Issue and XCL has undertaken to subscribe for the 1,865,504,000 Right Shares provisionally allotted to XCL.

PROPOSED RIGHTS ISSUE OF SINGXPRESS

Rights Issue statistics

Basis of Rights Issue:	Eight Rights Shares for every one existing Share
Number of existing Shares in issue:	372,004,000 Shares
Number of Rights Shares:	2,976,032,000 Rights Shares and up to 2,997,515,464 Rights Shares assuming the full conversion of S\$80,563 of the Convertible Bonds

Price of each Right Share:	S\$0.01 (HK\$0.064)
Underwriter:	Philip Securities Pte Ltd
Number of Rights Shares Underwritten:	up to 1,132,011,464 Rights Shares

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.

The price of each Rights Share of S\$0.01 (HK\$0.064) represents:

- (a) a discount of 56.5% to the closing price per Share of S\$0.023 as quoted on the SGX-ST as at 25 August, 2011, being the announcement date of SingXpress regarding the Rights Issue;
- (b) a discount of 56.5% to the 5-day average closing price per Share of about S\$0.023 as quoted on the SGX-ST for the period from 19 August, 2011 to 25 August, 2011.

Approvals

The Rights Issue is subject to, *inter alia*, the following:

- (a) the approval in-principle of the SGX-ST for the dealing in, listing and quotation of the Rights Shares on the Official List SGX-ST having been obtained;
- (b) the Rights Issue having been approved by Shareholders at the EGM; and
- (c) the lodgment of the offer information statement with the Monetary Authority of Singapore.

UNDERTAKING ARRANGEMENT

Proportionate entitlement of XCL

Pursuant to the Undertaking Arrangement, XCL has conditionally undertaken to SingXpress, *inter alia*:

- (a) to maintain its direct interest in not less than 233,188,000 Shares until the issue of the Rights Shares under the Rights Issue and take up its direct entitlements of 1,865,504,000 Rights Shares under the Rights Issue (“**Entitled Rights Shares**”) (equivalent to an amount of S\$18,655,040 (approximately HK\$119,392,000) payable by XCL);
- (b) to vote in favour of the Rights Issue at the extraordinary general meeting of SingXpress to be convened for the purposes of considering, among other things, the Rights Issue.

INFORMATION OF SINGXPRESS

SingXpress is engaged in property development and property trading and investment and treasury investments. As at the date of this announcement, XCL has interest in 233,188,000 Shares representing about 62.68% of the existing issued share capital of SingXpress and S\$13,239,677 in aggregate principal amount of the convertible bonds due 2014 of SingXpress (“Convertible Bonds”) and is accounted for as a subsidiary of the Company.

SingXpress has embarked on three development projects in Singapore, two are freehold properties which were purchased under a collective (en bloc) sales and the third project is a major public housing project under the Singapore Housing Development Board’s (“HDB”) Design, Build and Sell Scheme (“DBSS”) for the 176,400 sq. ft. of the land.

The first is a site on Charlton Road purchased for S\$21.4 million in mid-2010 through Charlton Residences Pte Ltd, a joint-venture in which SingXpress holds 80% and ACT Holdings Pte Ltd the remaining 20%. The site of the 21 walk-up apartments will be redeveloped into 21 luxury quality three-storey houses with lap pool, club house and gym and underground carpark for estimated completion in 2013.

The second site in Balestier was purchased for S\$21 million in November 2010. Formerly known as Waldorf Mansions, the old tower block will be redeveloped in 2013 into a new condominium block for completion by 2014.

In early June 2011, SingXpress announced its third site. SingXpress successfully bid for a major public housing project under the Singapore HDB’s DBSS (“DBSS Project”). SingXpress’ winning bid was approximately S\$123.9 million (approximately HK\$780.6 million) for the 176,400 sq. ft. site near the Pasir Ris MRT station and White Sands Shopping Centre at Pasir Ris Central/Pasir Ris Drive 1. With a maximum allowable gross floor area of approximately 441,000 sq. ft., it is intended to build up to 454 units Designers Home for HDB with a child care centre, car parks and ancillary.

REASONS FOR THE RIGHTS ISSUE AND UNDERTAKING ARRANGEMENT

In connection with the three (3) real estate projects referred to above (collectively, referred to as the “Major Projects”) and other funding requirements of SingXpress, XCL had extended to SingXpress from time to time, interest free loans repayable on demand. Apart from the loans from XCL, the funds required for the Major Projects have substantially been obtained through bank borrowings from financial institutions. As at the date of this announcement, XCL had extended to SingXpress interest free loans repayable on demand amounting to approximately S\$32,213,000 (approximately HK\$206,163,000) which primarily consists of recent funding for the DBSS Project between May 2011 and August 2011 totaling approximately S\$30,500,000 (approximately HK\$195,200,000 (the “XCL Loan”).

SingXpress is proposing to undertake the Rights Issue to raise estimated net proceeds of up to S\$29,200,000 (approximately HK\$186,880,000) (assuming that the maximum number of Rights Shares are fully subscribed and after deducting estimated transaction expenses and underwriting commission of approximately S\$560,000 (approximately HK\$3,584,000)). The Group considers the Rights Issue and the Undertaking Arrangement is necessary as it can

fulfill the urgent need for additional funding for working capital requirements relating to the Major Projects and express to the shareholders of SingXpress that the Group is confident in and committed to the longer term future and prospects of SingXpress which will bring financial benefit to the Group in the long run.

Pursuant to the Undertaking Arrangement, XCL has undertaken to subscribe for the 1,865,504,000 Right Shares (equivalent to an amount of S\$18,655,040 (approximately HK\$119,392,000) payable by XCL) provisionally allotted to XCL. The funding for XCL direct entitlements will be set off by the partial capitalization of the XCL Loan advanced by XCL to SingXpress.

The proposed Undertaking commitment does not constitute a notifiable transaction for the Company pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning defined in Chapter 1 of the Listing Rules
“Board”	the board of Directors
“Company”	Xpress Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of SingXpress to be convened for the purposes of considering, among other things, the Rights Issue
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Manual”	The listing manual (Section B: Rules of Catalist) of the SGX-ST
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Rights Issue”	the proposed renounceable and underwritten rights issue of Rights Shares of SingXpress on the basis of eight Rights Shares for every one existing Share at the Subscription Price, pursuant to the terms and conditions of the rights issue

“Rights Share(s)”	Up to 2,997,515,464 new Shares to be issued by SingXpress pursuant to the Rights Issue
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	share(s) in the share capital of the SingXpress
“Shareholder(s)”	shareholder(s) of SingXpress
“SingXpress”	SingXpress Land Ltd, a company incorporated in Singapore with limited liability, the shares of which are listed on the SGX-ST
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of S\$0.01 per Rights Share
“Subscription Monies”	the deemed payment of subscription monies required to be paid by XCL to SingXpress in respect of the Rights Shares to be issued to XCL
“Underwriting Agreement”	the underwriting agreement amongst SingXpress and the Underwriter dated 25 August 2011 in relation to the Rights Issue
“Undertaking Arrangement” or “Undertakings”	the undertaking given by XCL to SingXpress in relation to the Rights Issue
“XCL”	Xpress Credit Limited, an indirect wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent.

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

Hong Kong SAR, August 25, 2011

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