XPRESS Group 特速集團

XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2012

RESULTS

The Board of Directors (the "Board") of Xpress Group Limited (the "Company") announced the consolidated results of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2012 together with the comparative figures of the previous year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Revenue	3	**81,529**	75,321
Cost of sales		**(8,946)**	(8,052)
Gross profit		**72,583**	67,269
Other operating income	3	**4,408**	4,391
(Loss) gain on disposal of financial assets at fair value through profit or loss		**(12,892)**	17,660
Fair value (loss) gain on financial assets at fair value through profit or loss		**(9,044)**	327
Fair value (loss) gain on revaluation of investment properties, net		**(63,722)**	146,667
(Loss) gain on disposal of investment properties		**(9,034)**	451
Administrative expenses		**(144,875)**	(160,846)
Gain on remeasurement of previously held interest upon step acquisition of subsidiaries		**–**	10,869

	Notes	2012 HK$'000	2011 HK$'000
(Loss) profit from operations		**(162,576)**	86,788
Finance costs		**(23,317)**	(6,405)
Share of results of associates		**1,095**	(2,498)
(Loss) profit before income tax	5	**(184,798)**	77,885
Income tax credits (expenses)	6	**27,471**	(26,603)
(Loss) profit for the year		**(157,327)**	51,282
(Loss) profit for the year attributable to:			
Owners of the Company		**(156,421)**	45,417
Non-controlling interests		**(906)**	5,865
		(157,327)	51,282
(Loss) earnings per share	7		
Basic		**(5.36) cents**	1.72 cents
Diluted		**(5.36) cents**	1.71 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
(Loss) profit for the year	**(157,327)**	51,282
Other comprehensive (expenses) income		
Exchange fluctuation reserve:		
Exchange differences arising on translating of foreign operations	**(3,397)**	49,863
Share of other comprehensive income of associates	**–**	529
Share of reserve of an associate	**–**	3
Realisation of reserves of an associate upon step acquisition	**–**	(16,431)
Other comprehensive (expenses) income for the year	**(3,397)**	33,964
Total comprehensive (expenses) income for the year	**(160,724)**	85,246
Total comprehensive (expenses) income attributable to:		
Owners of the Company	**(159,756)**	78,350
Non-controlling interests	**(968)**	6,896
	(160,724)	85,246

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**57,703**	59,930
Prepaid lease payments		**21,953**	22,430
Investment properties		**908,383**	1,159,931
Interests in associates		**3,246**	2,248
Available-for-sale financial assets		**1,463**	1,464
Goodwill		**10,544**	10,544
Pledged bank deposits		**3,116**	7,492
		1,006,408	1,264,039
Current assets			
Inventories		**464**	388
Properties under development for sale		**1,099,541**	138,403
Trade and other receivables, deposits and prepayments	*8*	**18,837**	32,742
Loan receivables		**617**	635
Financial assets at fair value through profit or loss		**16,453**	175,417
Amounts due from associates		**185**	172
Bank balances and cash		**116,333**	185,071
		1,252,430	532,828
Current liabilities			
Trade and other payables and accruals	*9*	**87,328**	34,627
Bank overdraft		**515**	86,486
Borrowings		**155,543**	216,763
Obligations under a finance lease		**108**	–
Tax payables		**22,676**	20,370
Amounts due to non-controlling interests		**67,714**	7,456
Amounts due to associates		**478**	515
Amount due to a director		**28,294**	–
		362,656	366,217

	2012	2011
	HK$'000	*HK$'000*
Net current assets	**889,774**	166,611
Total assets less current liabilities	**1,896,182**	1,430,650
Non-current liabilities		
Borrowings	**863,944**	327,279
Obligations under a finance lease	**641**	–
Deferred taxation	**64,376**	95,071
Convertible bonds	**339**	293
Non-convertible bonds	**105,633**	105,633
	1,034,933	528,276
Net assets	**861,249**	902,374
CAPITAL AND RESERVES		
Share capital	**30,970**	26,408
Reserves	**727,690**	843,197
Equity attributable to owners of the Company	**758,660**	869,605
Non-controlling interests	**102,589**	32,769
Total equity	**861,249**	902,374

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKASs"), amendments and interpretations ("Ints") (hereinafter collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendment to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC*) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC*) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

* *IFRIC represents the IFRS Interpretation Committee*

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the statement of changes in equity. The revised standard has no impact on the consolidated financial statement of the Group.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

– HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

– The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may not have significant impact on the Group's financial assets and financial liabilities.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale.

However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

3. REVENUE AND OTHER OPERATING INCOME

Revenue, which is also the Group's turnover, represents revenue arising on interest income from credit card receivables, dividend income, other interest income, rental income and income from hotel operations for the year. An analysis of the Group's revenue for the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
Financial interest and service income	**263**	658
Dividend income	**5,556**	4,091
Other interest income	**1,022**	5,101
Rental income	**32,262**	25,045
Income from hotel operations	**42,426**	40,426
	81,529	75,321

Other operating income

	2012	2011
	HK$'000	*HK$'000*
Other income	**2,958**	3,486
Exchange gain, net	**802**	–
Bad debt recovery on trade receivables	**588**	–
Interest received	**60**	–
Gain on bargain purchase	**–**	839
Impairment loss reversed in respect of trade receivables	**–**	21
Impairment loss reversed in respect of loan receivables	**–**	45
	4,408	4,391

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's reportable segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other reportable segments. Details of the reportable and operating segments under HKFRS 8 are as follows:

Financing operations	–	provide financing to individuals and acquiring services for members
Securities trading and investment	–	trading of securities
Treasury investment	–	asset management and cash operations
Property investment and trading	–	letting properties and trading of properties
Hotel operations	–	hotel operations in Japan
Property development	–	development of properties

The board of directors (the "Board") of the Company, being the chief operating decision maker considers the business from both product and geographic perspective. From a product perspective, the chief operating decision maker assesses the performance of (i) financing operations (ii) securities trading and investment (iii) treasury investment (iv) property investment and trading (v) hotel operations and (vi) property development. In addition, the chief operating decision maker further evaluated the result on a geographical basis (Hong Kong, North America, Singapore and Japan).

Inter-segment sales are charged at prevailing market prices.

The accounting policies of the operating segments are the same as the Group's accounting policies. An analysis of the Group's revenue, contribution to the results from operations for the years ended 31 March 2012 and 2011 and certain assets, liabilities and expenditure information regarding reportable and operating segments are as follows:

Segment revenue and results

For the year ended 31 March 2012

	Financing operations *HK$'000*	Securities trading and investment *HK$'000*	Treasury investment *HK$'000*	Property investment and trading *HK$'000*	Hotel operations *HK$'000*	Property development *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue								
– External sales	263	5,556	1,022	32,262	42,426	–	–	81,529
– Inter-segment sales	–	–	11,197	–	–	–	(11,197)	–
Total	263	5,556	12,219	32,262	42,426	–	(11,197)	81,529
Segment results	(506)	(17,588)	729	(51,755)	(3,720)	(35)	–	(72,875)
Unallocated corporate revenue								3,820
Unallocated corporate expenses								(100,766)
Unallocated finance costs								(16,072)
Unallocated share of results of associates								1,095
Loss before income tax								(184,798)
Income tax credits								27,471
Loss for the year								(157,327)
Segment assets	187	17,920	7,504	908,383	52,003	1,099,541	–	2,085,538
Unallocated associates								3,246
Unallocated assets								170,054
Total assets								2,258,838
Segment liabilities	–	–	–	(381,925)	(11,759)	(836,322)	–	(1,230,006)
Unallocated liabilities								(167,583)
Total liabilities								(1,397,589)
Capital expenditure	–	–	–	2,362	–	–	–	2,362
Unallocated capital expenditure								1,512
Total capital expenditure								3,874
Depreciation	–	–	(287)	(2,073)	(1,759)	–	–	(4,119)
Unallocated depreciation								(265)
Total depreciation								(4,384)
Amortisation of prepaid lease payments	–	–	–	(477)	–	–	–	(477)
Fair value loss on financial assets at fair value through profit or loss	–	(9,044)	–	–	–	–	–	(9,044)
Loss on disposal of financial assets at fair value through profit or loss	–	(12,892)	–	–	–	–	–	(12,892)
Loss on disposal of investment properties	–	–	–	(9,034)	–	–	–	(9,034)
Write-off the property, plant and equipment	–	–	(6)	–	–	–	–	(6)
Bad debt recovery on trade receivables	588	–	–	–	–	–	–	588
Impairment loss recognised in respect of loan receivables	(16)	–	–	–	–	–	–	(16)

For the year ended 31 March 2011

	Financing operations *HK$'000*	Securities trading and investment *HK$'000*	Treasury investment *HK$'000*	Property investment and trading *HK$'000*	Hotel operations *HK$'000*	Property development *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue								
– External sales	658	4,091	5,101	25,045	40,426	–	–	75,321
– Inter-segment sales	–	–	9,236	–	–	–	(9,236)	–
Total	658	4,091	14,337	25,045	40,426	–	(9,236)	75,321
Segment results	(856)	15,932	4,780	164,250	(3,875)	(101)	–	180,130
Unallocated corporate revenue								16,013
Unallocated corporate expenses								(114,391)
Unallocated finance costs								(1,369)
Unallocated share of results of associates								(2,498)
Profit before income tax								77,885
Income tax expenses								(26,603)
Profit for the year								51,282
Segment assets	243	176,881	6,845	1,159,931	53,867	155,273	–	1,553,040
Unallocated associates								2,248
Unallocated assets								241,579
Total assets								1,796,867
Segment liabilities	(144)	(350)	(48,470)	(493,506)	(16,276)	(106,213)	–	(664,959)
Unallocated liabilities								(229,534)
Total liabilities								(894,493)
Capital expenditure	–	–	–	163,333	305	–	–	163,638
Unallocated capital expenditure								161
Total capital expenditure								163,799
Depreciation	(37)	–	(321)	(1,746)	(1,759)	–	–	(3,863)
Unallocated depreciation								(183)
Total depreciation								(4,046)
Amortisation of prepaid lease payments	–	–	–	(477)	–	–	–	(477)
Fair value gain on financial assets at fair value through profit or loss	–	327	–	–	–	–	–	327
Gain on disposal of financial assets at fair value through profit or loss	–	17,660	–	–	–	–	–	17,660
Gain on disposal of investment properties	–	–	–	451	–	–	–	451
Loss on disposal of property, plant and equipment	(2)	–	–	–	–	–	–	(2)
Impairment loss recognised in respect of:								
– financial assets at fair value through profit or loss	–	(734)	–	–	–	–	–	(734)
– trade receivables	–	–	–	–	(23)	–	–	(23)
Unallocated impairment loss recognised in respect of other receivables	–	–	–	–	–	–	–	(1,678)
Impairment loss reversed in respect of:								
– trade receivables	21	–	–	–	–	–	–	21
– loan receivables	45	–	–	–	–	–	–	45

Geographical information

The Group's operations are located in four (2011: four) main geographical areas. The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods and services.

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**11,519**	15,615
North America	**4,331**	4,160
Singapore	**23,252**	15,120
Japan	**42,427**	40,426
	81,529	75,321

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by the geographical areas in which the assets are located.

Segment assets

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**265,012**	682,784
North America	**8,319**	10,524
Singapore	**1,852,408**	967,701
Japan	**133,099**	135,858
	2,258,838	1,796,867

Capital expenditure

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**292**	18,270
Singapore	**3,582**	145,224
Japan	**–**	305
	3,874	163,799

Information about major customers

For the years ended 31 March 2012 and 2011, no individual customer of the Group contributed over 10% of the total revenue of the Group.

5. (LOSS) PROFIT BEFORE INCOME TAX

	2012	2011
	HK$'000	*HK$'000*
(Loss) profit before income tax is arrived at after charging (crediting):		
Operating lease charges on land and buildings	**1,248**	1,166
Depreciation of property, plant and equipment	**4,384**	4,046
Amortisation of prepaid lease payments	**477**	477
Impairment loss recognised in respect of:		
– financial assets at fair value through profit or loss	**–**	734
– trade receivables	**–**	23
– other receivables	**–**	1,678
– loan receivables	**16**	–
Loss on disposal of property, plant and equipment	**–**	2
Loss (gain) on disposal of investment properties	**9,034**	(451)
Write-off the property, plant and equipment	**6**	–
Auditor's remuneration	**780**	600
Staff costs including directors' remuneration	**91,935**	100,230
Exchange loss, net	**–**	5,837
Rental income from investment properties less outgoings of HK$12,092,000 (2011: HK$9,581,000)	**(20,170)**	(15,464)

6. INCOME TAX (CREDITS) EXPENSES

	2012	2011
	HK$'000	*HK$'000*
Current tax		
– Hong Kong	**1,717**	38
– Overseas	**1,442**	725
Under-provision in prior years	**329**	687
Deferred taxation	**(30,959)**	25,153
	(27,471)	26,603

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

Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the entity operates.

The tax (credits) expenses for the year can be reconciled to the (loss) profit before income tax per the consolidated income statement as follows:

	2012	2011
	HK$'000	*HK$'000*
(Loss) profit before income tax	**(184,798)**	77,885
Tax at Hong Kong profits tax rate of 16.5% (2011: 16.5%)	**(30,492)**	12,851
Tax effect of expenses not deductible for tax purpose	**34,202**	16,158
Tax effect of income not taxable for tax purpose	**(12,271)**	(34,426)
Tax effect of tax losses not recognised	**16,024**	9,491
Utilisation of tax losses previously not recognised	**(1,236)**	(903)
Balancing charge on disposal of investment property	**2,242**	–
Under-provision in prior years	**329**	687
Tax effect of share of results of associates	**180**	412
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(36,068)**	22,547
Effect of tax exception granted to Singapore subsidiaries	**(381)**	(214)
Income tax (credits) expenses for the year	**(27,471)**	26,603

7. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the loss for the year attributable to owners of the Company of approximately HK$156,421,000 (2011: profit of approximately HK$45,417,000) and on the weighted average number of approximately 2,917,996,000 (2011: 2,640,836,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31 March 2011 is based on the profit of approximately HK$45,417,000 and on the weighted average number of approximately 2,661,814,000 ordinary shares in issue during the year. The calculation of diluted loss per share for the year ended 31 March 2012 does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in loss per share for the year.

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to owners of the Company, used in the basic and diluted (loss) earnings per share calculation	**(156,421)**	45,417

Number of shares

	Number of shares	
	2012	2011
	'000	*'000*
Weighted average number of ordinary shares for the purpose of the basic (loss) earnings per share	**2,917,996**	2,640,836
Effect of dilutive potential ordinary shares:		
Share options	**–**	20,978
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**2,917,996**	2,661,814

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**19,108**	17,679
Less: Allowance for doubtful debts	**(10,023)**	(10,023)
	9,085	7,656
Other receivables, deposits and prepayments	**9,275**	24,609
Prepaid lease payments	**477**	477
	18,837	32,742

The directors of the Company considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity period on their inception.

The Group allows an average credit period to its trade customers are as follows:

Hotel operations	60 days
Financing operations	30 days

An aged analysis of the trade receivables at the end of the reporting period is as follow:

	2012	2011
	HK$'000	*HK$'000*
0 – 60 days	**2,330**	1,582
61 – 90 days	**50**	91
Over 90 days	**6,705**	5,983
	9,085	7,656

The aging of trade receivables which are past due but not impaired at the end of the reporting period is as follows:

	2012	2011
	HK$'000	*HK$'000*
61 – 90 days	**50**	91
Over 90 days	**6,705**	5,983
	6,755	6,074

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired related to a customer with long business relationship. Based on past experience, management believes that no additional provision for impairment is necessary as there is no significant change in credit quality and the balances are considered to be fully recoverable.

The Group has provided fully for all receivables that are determined not recoverable. Based on past experience, the management believed that no impairment allowance is necessary in respect of the remaining balances as there had not been a significant change in credit quality and the balances were considered fully recoverable.

Movement in the allowance for doubtful debts

	2012	2011
	HK$'000	*HK$'000*
At 1 April	**10,023**	10,021
Impairment losses recognised	**–**	23
Impairment losses reversed	**–**	(21)
At 31 March	**10,023**	10,023

At the end of the reporting period, the Group's trade receivables were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties. No impairment is recognised in this year. The Group has hold collaterals over these balances.

9. TRADE AND OTHER PAYABLES AND ACCRUALS

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**778**	980
Other payables and accrued expenses	**86,550**	33,647
	87,328	34,627

The Group was granted by its suppliers credit periods ranging from 30 to 60 days (2011: 30 to 60 days). The following is an aged analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
0 – 60 days	**754**	761
61 – 90 days	**–**	–
Over 90 days	**24**	219
	778	980

DIVIDEND

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2012 (2011: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 24 August 2012 to Tuesday, 28 August 2012, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the annual general meeting, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's Share Registrar, Tricor Friendly Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 August 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a turnover of approximately HK$81.5 million for the year ended 31 March 2012, representing an increase of approximately 8.2% as compared to the year ended 31 March 2011. The increase in turnover was mainly due to the increase in turnover of the hotels and hospitality division and increase in rental income during the year. The loss attributable to owners of the Company for the year ended 31 March 2012 was approximately HK$156.4 million as compared to the profit of HK$45.4 million in 2011.

The basic loss per share for the year was HK5.36 cents when compared with the basic earnings per share of HK1.72 cents in the previous year.

(a) *Property development*

Charlton Residences, a freehold cluster housing development of 21 units in Singapore's Kovan precinct which sits on 34,154 square-foot freehold plot (the former Foh Pin Mansions), was launched for sales in November 2011 and sold out by March 2012, recording an aggregate sales value of approximately HK$364 million. The development company, Charlton Residences Pte. Ltd, is 80% hold by a subsidiary of the Group. The construction is in its preliminary stage and no revenue has been recorded for the year under review. Based on the completion schedule, the Group expects to recognise approximately half of the construction contract revenue for the year ending 31 March 2013.

(b) *Hotels and Hospitality Division*

The turnover of the hotels and hospitality division in financial year 2012 was approximately HK$42.4 million, representing an increase of 4.9% from last year. The segment loss was approximately HK$3.7 million, down 4% from last year.

(c) *Securities Trading*

During the year under review, the Group's securities business recorded an operating loss of approximately HK$17.6 million as compared to a profit of HK$15.9 million for 2011.

(d) *Property Investments and Trading*

The property investments and trading division contributed revenues of approximately HK$32.3 million (2011: HK$25.0 million) and operating losses of approximately HK$51.8 million (2011: gain of HK$164.3 million) to the Group, including a fair value loss on revaluation of investment properties of approximately HK$63.7 million compared to a fair value gain of approximately HK$146.7 million in 2011.

(e) *Other Investments*

As at 31 March 2012, RSI International Systems Inc. ("RSI"), a Canada listed associate of which is 29.2% hold by a subsidiary of the Group. During the year, the Group shared a profit of approximately HK$1 million from RSI.

Liquidity and Capital Resources

As at 31 March 2012, the total equity of the Group was approximately HK$861.2 million (31 March 2011: HK$902.4 million).

As at 31 March 2012, the Group had bank balances and cash and pledged bank deposits amounted to approximately HK$119.4 million (31 March 2011: HK$192.6 million) mainly dominated in US dollars, Hong Kong dollars, Singapore dollars and Japanese Yen. The Group had total borrowings (including bank overdraft, borrowings, finance leases, and liability components of convertible bonds and non-convertible bonds) of approximately HK$1,126.7 million (31 March 2011: HK$736.5 million) mainly dominated in Hong Kong dollars, Singapore dollars and Japanese Yen. As at 31 March 2012, the Group's current ratio was 3.5 (31

March 2011: 1.5) and had a gearing ratio of 44.6% (31 March 2011: 30.3%), defined as the ratio of total borrowings less bank balances and cash and pledged bank deposits to total assets.

Material Acquisitions and Disposals for Material Investments

(a) During the year, the Group entered into a sale and purchase agreement to dispose of a property situated in Hong Kong for a consideration of HK$140.6 million and a property situated in Singapore for a consideration of approximately S$6.9 million.

(b) During the year, the Group via subsidiaries of SingXpress Land Ltd. ("SingXpress"), acquired two property development projects in Singapore for S$21 million and S$123.9 million respectively.

Capital Commitments

As at 31 March 2012, the Group had made capital commitments of nil (31 March 2011: HK$116.6 million) for acquisition of properties under development for sale in Singapore contracted for but not provided in the financial statements and commitments for various contracts for property development projects of HK$600.7 million (31 March 2011: nil). The Group did not make any capital commitment for acquisition of property, plant and equipment authorised but not contracted for as at 31 March 2012.

Events After the Reporting Period

(a) On 30 January 2012, the Group entered into agreements to purchase five units situated at #02-19, #02-20, #02-21, #02-22 and #02-23 UB.1, 81 Ubi Avenue 4, Singapore 408830 at an aggregate consideration of approximately S$3.9 million. The transaction has been completed on 3 April 2012.

(b) On 29 February 2012, the Group entered into a conditional option agreement with the purchaser to dispose the property situated at 200 Jalan Sultan #08-11 Textile Centre, Singapore 199018 at a consideration of S$18 million. The transaction has been completed on 23 May 2012.

(c) On 14 May 2012, the Group jointly with other two partners formed a consortium had successfully bid S$233.5 million for a land parcel for an Executive Condominium public housing development, in which SingXpress has an effective 30%-stake. The land parcel is located at Tampines Central 7/Tampines Avenue 7/Tampines Avenue 9.

Contingent Liabilities

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 8 July, 2002. The litigation has been standstill for more than 8 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.

Foreign Exchange Exposure

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

Human Resources

Remuneration packages are generally structured by reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Apart from salary payments, there are other staff benefits including mandatory provident fund, medical insurance and performance related bonus. At the end of the reporting period, there were approximately 110 employees employed by the Group. Share options may also be granted to eligible employees and persons of the Group.

Pledge of Assets

At the end of the reporting period, the Group's borrowings of approximately HK$1,019.5 million were mainly secured by the investment properties, land and buildings, prepaid lease payments, properties under development for sale, financial assets at fair value through profit or loss, motor vehicle and bank deposits of the Group with an aggregate carrying value of approximately HK$2,006.1 million.

Outlook

Despite the uncertainty surrounding the Eurozone debt crisis and Singapore's additional buyer's stamp duty weighing on sentiment, we believe that the Singapore property market will continue to remain attractive due to its home ownership programs, political stability and low interest rate environment. Moreover, strong interest in recent property launches show that there is liquidity in the market. We firmly believe we have a strong value proposition because of our emphasis on design to complement a good, if not outstanding, location. Our focus on public housing and smaller private residential developments in Singapore will continue to position us well in the market.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry of all the Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the accounting period covered by the annual results.

AUDIT COMMITTEE

The company has established an audit committee ("Audit Committee") with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the group. The Audit Committee comprises a total of three independent non-executive directors of the company. The annual results of the group for the year ended 31 March 2012 was reviewed by the Audit Committee, who are of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

SCOPE OF WORK OF MESSRS. LO AND KWONG C.P.A. COMPANY LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2012 as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. Lo and Kwong C.P.A. Company Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2012. The works performed by Messrs. Lo and Kwong C.P.A. Company Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Lo and Kwong C.P.A. Company Limited on the preliminary announcement.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

In the opinion of the Directors, the Company has complied throughout the year ended 31 March 2012 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules. Mr. Da Roza Joao Paulo ("Mr. Da Roza"), an independent non-executive director of the Company, passed away on 16 May 2011. Following Mr. Da Roza's demise, the Company has two independent non-executive directors, which falls below the minimum number of independent non-executive directors required under Rule 3.10(1) of the Listing Rules. The Company has appointed a new independent non-executive director, Mr. Chan King Fai on 16 August 2011 to fill the vacancy. Save as disclosed above, in the opinion of the Directors, the Company has complianced with the Code provisions listed in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the period.

PUBLIC FLOAT

As at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

PUBLICATION OF RESULTS ANNOUNCEMENT

The information as required by Appendix 16 of the Listing Rules will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and of the Company (www.xpressgroup.com) in due course.

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

Hong Kong, 29 June 2012

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