

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Xpress Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

MAJOR TRANSACTION

16 November 2012

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DEFINITIONS

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

“Agreement”	The sale and purchase agreement dated 28 September 2012 between the Vendor and Purchaser whereby the Vendor agreed to sell the Miyazaki Hotel to the Purchaser
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“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 1,776,785,806 shares (50.67%) 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 (16.88%) 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 (0.09%) of the Company; and(4) Ms. Chan Yoke Keow (the spouse of Mr. Chan Heng Fai) owns 220,357,843 shares (6.28%) 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
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Miyazaki Hotel by the Vendor to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries from time to time

DEFINITIONS

“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
“Latest Practicable Date”	13 November 2012
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Miyazaki Hotel”	the hotel property known as Hotel Plaza Miyazaki situated at 1-1, Kawahara-cho, Miyazaki, Miyazaki 880-0866, Japan
“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 52.4% owned subsidiary of the Company, the shares of which are listed on the SGX-ST
“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\$6.20 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

16 November 2012

*To the Shareholders (and, for information only,
holders of the warrants of the Company)*

Dear Sir or Madam,

MAJOR TRANSACTION

INTRODUCTION

On 28 September 2012, the Company announced that on 28 September 2012, the Vendor entered into the Agreement with the Purchaser to dispose the Miyazaki Hotel at an aggregate consideration of JPY420 million (equivalent to approximately HK\$41.9 million).

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are greater than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and consequently are subject to notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

THE MIYAZAKI HOTEL

- Date of the Agreement : 28 September 2012
- Vendor : Hotel Plaza Miyazaki Limited, an indirect wholly-owned subsidiary of the Company
- Purchaser : CS Real Estate Consulting Inc, a company incorporated in Japan

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser is principally engaged in providing real estate property investment. The Purchaser and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

- Miyazaki Hotel : 1-1, Kawahara-cho, Miyazaki, Miyazaki 880-0866, Japan

- Sale price : JPY420 million (equivalent to approximately HK\$41.9 million) payable in cash and the payment schedule is as follows:

- JPY40 million (equivalent to approximately HK\$4.0 million), being the deposit, was paid by the Purchaser to the Vendor upon signing the Agreement;
- the balance of the purchase price of JPY380 million (equivalent to approximately HK\$37.9 million) is payable to the Vendor on the date of completion.

- Date of completion : On or before 20 December, 2012 or such other day as may from time to time agreed in writing by the Purchaser and the Vendor

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The Miyazaki Hotel has 164 rooms provides full service amenities. The total gross floor area of Miyazaki Hotel is approximately 17,721 sq.m. The Miyazaki Hotel is facing steep competition from existing hotels in its surrounding areas, the unaudited net loss before and after taxation attributable to the Miyazaki Hotel for the financial years ended 31 March 2011 are approximately JPY90.34 million (equivalent to approximately HK\$9.02 million) and JPY95.46 million (equivalent to approximately HK\$9.53 million), respectively. The unaudited net loss before and after taxation attributable to the Miyazaki Hotel for the financial year ended 31 March 2012 are approximately JPY87.57 million (equivalent to approximately HK\$8.75 million) and JPY92.69 million (equivalent to approximately HK\$9.26 million), respectively.

The Directors consider that the Disposal is a good opportunity for the Group to realize its investment and prevent further operating losses. The proceeds from the Disposal will enable the Group to reduce its borrowings and future interest expenses and improve the financial position and the working capital condition of the Group.

The Directors (including independent non-executive Directors) consider that the sale price for the Miyazaki Hotel have been determined after arm's length negotiations between the parties to the Agreement with reference to the prevailing Japan market condition and the unaudited book value of the Miyazaki Hotel. The Directors are of the view that the Disposal are in the interest of the Group and the terms of Disposal in the Agreement are in normal commercial terms, which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Effects on Earnings, Assets and Liabilities

Based on the unaudited book value of the Miyazaki Hotel of approximately JPY397.6 million (equivalent to approximately HK\$39.71 million) as at 31 March 2012, it is expected that the Company will realize a gain from the Disposal of approximately HK\$2.24 million being the difference between the Consideration and the book value of the Miyazaki Hotel as at 31 March 2012.

After the Disposal, the Group will receive the proceeds of approximately HK\$41.9 million. The Company intends to use the net sale proceeds from the Disposal for the repayment of the mortgage loan of approximately HK\$7.15 million and the remaining balance will be used by the Group for the general working capital. The total assets of the Group will be decreased by approximately HK\$4.9 million, being the net effect of decrease in the book value of the Miyazaki Hotel of approximately HK\$39.7 million and increase in bank balance of approximately HK\$34.8 million while the total liabilities of the Group will be decreased by approximately HK\$7.15 million.

LETTER FROM THE BOARD

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are greater than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and consequently are subject to notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Written approval of the execution and performance of the Agreement and the transactions thereby contemplated was on 28 September 2012 obtained from the Closely Allied Group of Shareholders (who together holding approximately 73.9% 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 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 Agreement and the transactions thereby contemplated.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the 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 Agreement and the transactions thereby contemplated if a physical Shareholders' meeting was to be held.

GENERAL

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

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

The following is the text of a letter and valuation certificates, 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 August 2012 of the property interest of 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

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Date: 16 November, 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”) to value a property held by Hotel Plaza Miyazaki Limited (the “HPML”), an indirect wholly-owned subsidiary of the Company (hereinafter referred to as the “Group”) (the “Property” or “Hotel” as hereinafter defined) located in Miyazaki City, Japan, 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 as at 31 August, 2012 (the “Date of Valuation”).

The valuation is our opinion of market values 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 the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and all the requirements contained in the HKIS Valuation Standard 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 various title documents, tenancy agreements, sales and purchase agreements and other documents relating to property interests and have caused searches to be made at the local Land Registry in relation to the property interests located in Japan. However, we have not examined the original documents and assumed that the copies of the documents obtained are consistent with their originals.

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 which is material to the valuation. We have accepted advice given to us on such matters as title, planning approvals, statutory notices, easements, tenure, leases, particulars of occupancy, identification of property, site and floor areas and all other relevant matters.

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 inspected the exterior and, where possible, the interior of the properties unless we have been otherwise instructed. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services. We have also assumed that there was not any material change of the property in between date of our inspection and the valuation date.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties 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 any 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 amounts stated in this report are in Japanese Yen (JPY¥).

The valuation certificate is hereby enclosed for your attention.

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 owner occupied by the Group in Japan

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August, 2012 JPY¥																																																
1.	Hotel Plaza Miyazaki 1-1 Kawahara-cho Miyazaki City Miyazaki 880-0866 Japan	<p>The property comprises 3 buildings including 18-storey main hotel building (with 2 basement floors), 3-storey building and 4-storey Japanese style public baths building with a total numbers of 164 guest rooms which were completed in about 1975, 1985 and 1999.</p> <p>The property has a total gross floor area of approximately 19,432.25 sq.m. The details are set out as follows:</p> <p><i>Hotel Building High Block –</i></p> <table border="1"> <thead> <tr> <th>Floor Level</th> <th>Area (sq.m.)</th> </tr> </thead> <tbody> <tr><td>Basement 2</td><td>1,287.64</td></tr> <tr><td>Basement 1</td><td>1,559.87</td></tr> <tr><td>1st Floor</td><td>1,557.26</td></tr> <tr><td>2nd Floor</td><td>1,356.47</td></tr> <tr><td>3rd Floor</td><td>821.62</td></tr> <tr><td>4th Floor</td><td>685.95</td></tr> <tr><td>5th Floor</td><td>685.95</td></tr> <tr><td>6th Floor</td><td>685.95</td></tr> <tr><td>7th Floor</td><td>685.95</td></tr> <tr><td>8th to 13th Per Floor</td><td>685.95</td></tr> <tr><td>14th Floor</td><td>759.21</td></tr> <tr><td>15th Floor</td><td>163.38</td></tr> <tr><td>16th Floor</td><td>163.38</td></tr> </tbody> </table> <p><i>Hotel Building Low Block –</i></p> <table border="1"> <thead> <tr> <th>Floor Level</th> <th>Area (sq.m.)</th> </tr> </thead> <tbody> <tr><td>1st Floor</td><td>547.08</td></tr> <tr><td>2nd Floor</td><td>596.12</td></tr> <tr><td>3rd Floor</td><td>576.56</td></tr> </tbody> </table> <p><i>Japanese Style Public Baths –</i></p> <table border="1"> <thead> <tr> <th>Floor Level</th> <th>Area (sq.m.)</th> </tr> </thead> <tbody> <tr><td>1st Floor</td><td>829.94</td></tr> <tr><td>2nd Floor</td><td>1,153.54</td></tr> <tr><td>3rd Floor</td><td>145.98</td></tr> <tr><td>4th Floor</td><td>1,054.70</td></tr> <tr><td>Total Area</td><td>19,432.25</td></tr> </tbody> </table>	Floor Level	Area (sq.m.)	Basement 2	1,287.64	Basement 1	1,559.87	1st Floor	1,557.26	2nd Floor	1,356.47	3rd Floor	821.62	4th Floor	685.95	5th Floor	685.95	6th Floor	685.95	7th Floor	685.95	8th to 13th Per Floor	685.95	14th Floor	759.21	15th Floor	163.38	16th Floor	163.38	Floor Level	Area (sq.m.)	1st Floor	547.08	2nd Floor	596.12	3rd Floor	576.56	Floor Level	Area (sq.m.)	1st Floor	829.94	2nd Floor	1,153.54	3rd Floor	145.98	4th Floor	1,054.70	Total Area	19,432.25	The property was operated as a hotel by the group for hotel purpose.	380,000,000
Floor Level	Area (sq.m.)																																																			
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The land lot of property is currently held under a freehold interest.

Notes:

1. The registered owner of the property is 株式会社ホテルプラザ宮崎 (Hotel Plaza Miyazaki Limited), an indirect wholly-owned subsidiary of the Group.
2. Hotel Plaza Miyazaki is a 3 Stars hotel with Japanese hot spring facility and general hotel services and facilities such as conference facilities and car-parking service provide. The Hotel has 164 differently sized single, twin quadruple rooms and suites (Japanese and Western styled) disturbed from 4th to 13th floor.
3. Pursuant to the sale and purchase agreement on 28 September 2012, Hotel Plaza Miyazaki Limited, has signed an agreement with CS Real Estate Consulting Inc. (independent third party) (the "Purchaser") to dispose the Hotel at a consideration of JPY420,000,000.
4. Pursuant to the agreement that the date of completion will be held on or before 20 December, 2012 or such other day as may from time to time agreed in writing by the Purchaser and Hotel Plaza Miyazaki Limited.
5. The property was last inspected by Sr Oswald W.Y. Au, Assistant Vice President of Avista Valuation Advisory Limited during the period of 12 to 14 October 2012.
6. The hotel is located in the countryside of Miyazaki area. According to Japanese Government statistic, in the second quarter of 2012, a number of 495,330 people had visited and stayed in Miyazaki. The average hotel occupancy rate is 45.6% and 28.2% for the whole Miyazaki area and in countryside respectively. The room rate of a double room at the similar type hotel is JPY6,000 to 8,000 per night.

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. FINANCIAL INFORMATION ON THE GROUP**(a) Audited Consolidated Financial Statements of the Group**

The audited consolidated financial statements of the Group (i) for the year ended 31 March 2010 is disclosed in the 2010 annual report of the Company published on 29 July, 2010, from page 29; (ii) for the year ended 31 March 2011 is disclosed in the 2011 annual report of the Company published on 29 June, 2011, from page 52; and (iii) for the year ended 31 March 2012 is disclosed in the 2012 annual report of the Company published on 29 June 2012, from page 58, all of which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.xpressgroup.com).

(b) Working Capital

After taking into account the financial resources available to the Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

(c) Indebtedness

As at the close of business on 30 September 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has outstanding borrowings of approximately HK\$1,201.8 million, comprising mortgage loans of approximately HK\$259.6 million, bank borrowings of approximately HK\$836.3 million, bonds and convertible bonds of approximately HK\$105.6 million and HK\$0.3 million respectively. The Group's bank borrowings were secured by certain leasehold properties, investment properties and property under development for sale of the Group with carrying value of approximately HK\$2,075.3 million.

On the other hand, bank deposits of approximately HK\$3.2 million were pledged as securities for bank facilities granted to subsidiaries.

A subsidiary of the Company was involved in legal proceedings against it for the alleged breach of agreement for damages which are not quantified. 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 "Litigation" in Appendix II in this circular.

Save as aforesaid and apart from the intra-group liabilities, none of the companies in the Group had outstanding at the close of business on 30 September 2012 any mortgages, charges or debentures, loan capital, bank overdraft, loans, debt securities or other similar indebtedness or any hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing at the close of business on 30 September 2012.

Except as disclosed above, the Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities at the close of business on 30 September 2012.

(d) Financial and Trading Prospects

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 Group has embarked on four development projects in Singapore via SingXpress, 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 and the fourth is an Executive Condominium ("EC") public housing development in Singapore.

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.

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 20 floor new condominium block of 54 apartments.

In early June 2011, the Group announced its third site. SingXpress successfully bid for a major public housing project under the Singapore HDB's DBSS. 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.

On 14 May 2012, the Group announced that a consortium in which SingXpress Land has an effective 30%-stake had successfully bid S\$233.5 million for a land parcel for an EC. The land parcel is located at Tampines Central 7/Tampines Avenue 7/Tampines Avenue 9. The joint-venture partners behind this land tender are Creative Investments Pte Ltd, a wholly owned subsidiary of SGX-listed Amara Holdings Limited (40%), Kay Lim Realty Pte Ltd, a wholly-owned subsidiary of Kay Lim Holdings Pte Ltd, our partner for Pasir Ris One (30%), and SingXpress Land (30%). Our minority stake in this EC project underscores our investment banking approach strategy, which emphasises return on equity and risk management.

Our Group's vision is to build premium designer homes that are synonymous with distinctive and exceptional design, quality, and service set to create a new benchmark in the industry.

Despite the uncertainty surrounding the Eurozone debt crisis and the additional buyer's stamp duty weighing on sentiment, we believe that the Singapore property market will continue to remain attractive due to the home ownership programme, political stability and low interest rate environment. Moreover, strong interest in recent property launches in Singapore show that there is liquidity in the markets. 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.

To the best knowledge of the Directors, there are no material information which may be relevant to the financial and trading prospects of the Group, including the special trade factors or risk which are not mentioned in this circular and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.

3. PROPERTY INTERESTS AND PROPERTY VALUATION

The Valuer has valued the Miyazaki Hotel as at 31 August 2012 and is of the opinion that the value of the Miyazaki Hotel as at such date was an amount of JPY380,000,000. The full text of the valuation report is set out in Appendix I to this circular.

The statement below shows the reconciliation of aggregate amounts of Miyazaki Hotel as reflected on the audited financial statement as at 31 March 2012 with the valuation of the Miyazaki Hotel as at 31 August 2012 as set out in Appendix I to this circular.

	<i>JPY</i>
Net book value of property interest of the Company as at 31 March 2012	
Miyazaki Hotel	397,610,000
Less: depreciation during the period from 1 April 2012 to 31 August 2012 (unaudited)	<u>(7,475,000)</u>
Net book value as at 31 August 2012 (unaudited)	390,135,000
Valuation deficit (unaudited)	<u>(10,135,000)</u>
Valuation of properties as at 31 August 2012	<u><u>380,000,000</u></u>

4. 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 shares held	Percentage of the issued share capital of the Company %
Chan Heng Fai	Beneficial owner Held by controlled corporation (Note 1)	3,124,300	0.09
		<u>1,776,785,806</u>	<u>50.61</u>
		<u>1,779,910,106</u>	<u>50.70</u>
Chan Yoke Keow	Beneficial owner Held by controlled corporations (Note 2)	220,357,843	6.28
		<u>592,039,274</u>	<u>16.86</u>
		<u>812,397,117</u>	<u>23.14</u>
Fong Kwok Jen	Beneficial owner	11,927,650	0.34
Chan Tong Wan	Beneficial owner	11,425,522	0.33
Wong Dor Luk, Peter	Beneficial owner	<u>280,000</u>	<u>0.01</u>
		<u><u>2,615,940,395</u></u>	<u><u>74.51</u></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	1.39
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	0.14
Wong Dor Luk, Peter	11.15.2004	11.20.2004 – 5.8.2013	0.1583	3,062,700	0.09
				196,374,500	5.59

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

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company %
Chan Heng Fai	Beneficial owner Held by controlled corporation (Note 3)	404,029	38.25
		7,200	0.68
		411,229	38.93
Chan Yoke Keow	Beneficial owner Held by controlled corporation (Note 2)	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 Held by controlled corporation (Note 4)	4,528	0.43
		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 Mrs. Chan 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	50.61
Prime Star Group Co., Ltd.	Beneficial owner	592,039,274	16.86

(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 is also a director or proposed director is a director or employee of a company which has 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.

5. 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.

6. 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.

7. 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.

8. MATERIAL CONTRACTS

- (a) On 24 November, 2010, Corporate Residence Pte Ltd, an indirect wholly owned subsidiary of the Company, has received the acceptance letter relating to the successful tender for the acquisition of the existing block of 16 residential units located in 235 Balestier Road, Waldorf Mansions, Singapore 329699 at a price of S\$21,000,000 (approximately HK\$124,530,000) for the purpose of holding or for redevelopment.
- (b) On 15 April, 2011, Ichi Ni San Enterprises Company Limited, a wholly-owned subsidiary of the Company, entered into sale and purchase agreements with the purchaser, IRT 7 Company Limited to dispose the property situated at 5th Floor Island Place Tower, Island Place, 510 King’s Road, North Point, Hong Kong for a consideration of HK\$140.63 million.

- (c) On 31 May, 2011, SingXpress Land (Pasir Ris) Pte Ltd, a wholly owned subsidiary of SingXpress and Kay Lim Holdings Pte Ltd have jointly participated in a tender relating to the Singapore public housing sector of the Design, Build and Sell Scheme for the acquisition of the land parcel located at Pasir Ris Central/Pasir Ris Drive 1 for Public Housing Development in Singapore for a purchase price of approximately S\$123.88 million.
- (d) the underwriting agreement dated 6 July, 2011 and entered into between the Company and Heng Fai Master Holdings Limited (as the Underwriter) in relation to the proposed issue by the Company of the offer shares by way of open offer to qualifying shareholders on the basis of an assured allotment of three offer shares for every twenty existing Shares held on the record date at the subscription price of HK\$0.11.
- (e) On 14 November 2011, Singapore Service Residence Pte Ltd, an indirect wholly-owned subsidiary of the Company, entered into a conditional option agreement with the purchaser to grant to the purchaser the option to acquire a property situated at No. 239 Arcadia Road, #03-04 The Arcadia, Singapore 289845 at a consideration of S\$6.85 million.
- (f) On 27 January 2012, SingXpress Credit Pte Ltd, an indirect wholly-owned subsidiary of the Company, entered into 5 option agreements with the vendor, BF Twentyeight Pte Ltd, to purchase 5 units situated at #02-19, #02-20, #02-21, #02-22 and #02-23 UB.1, 81 Ubi Avenue 4, Singapore 408830 for an aggregate consideration of approximately S\$3.91 million.
- (g) On 29 February 2012, SingXpress International Pte Ltd., an indirect wholly-owned subsidiary of the Company entered into an agreement with a purchaser to grant to the purchaser the option to acquire the property located at Unit 11 (including portion A & B) on 8 Floor, 200 Jalan Sultan, Textile Centre, Singapore 199018 at a consideration of S\$18,000,000.
- (h) On 26 April 2012, SingXpress Land Ltd entered into a conditional subscription agreement with a subscriber, Mr. Toh Soon Huat for the issuance and subscription of an aggregate of 123,000,000 new ordinary shares in the capital of SingXpress at S\$0.0162 per subscription share for gross proceeds of S\$1,992,600.
- (i) On 30 May 2012, SingXpress Land Ltd entered into a conditional subscription agreement with a subscriber, Mr. Chua Swee Wah for the issuance and subscription of 243,000,000 new ordinary shares in the capital of SingXpress at S\$0.0126 per subscription share for gross proceeds of S\$3,061,800.

- (j) On 6 August 2012, SingXpress Land Ltd entered into the subscription agreement with Haiyi Holdings Pte. Ltd in relation to the subscription by Haiyi Holdings Pte. Ltd of an aggregate of 80 new fully paid up non-redeemable, cumulative convertible non-voting perpetual preference shares at S\$1.18 million (approximately HK\$7.3 million) per subscription share for a total subscription price of S\$94.4 million (approximately HK\$585.3 million).
- (k) the Agreement.

Save as aforesaid, no material contracts (not being contracts entered into in the ordinary course of business carried on by the Group) have been entered into by any member of the Group within the two years preceding the date of this circular.

9. 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.

10. 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).

11. 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
Avista Valuation Advisory Limited	an independent professional property valuer (the "Expert")

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

As at the Latest Practicable Date, none of the Expert has 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.

12. 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.

13. 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 30 November 2012.

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts (including the Agreement) mentioned under the paragraph headed "Material Contracts" in this Appendix;
- (c) the service contract referred to in the section headed "Service Contracts" in this Appendix;
- (d) the property valuation report and the written consents referred to in the paragraph headed "Expert and consent" in this Appendix;
- (e) the annual reports of the Company for the two years ended March 31, 2012;
- (f) the circulars of the Company dated 2 May 2012 and 13 September 2012; and
- (g) this circular.