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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 AND CONNECTED TRANSACTION**

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



**Grand Vinco Capital Limited  
(Wholly-owned subsidiary of Vinco Financial Group Limited)**

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## DEFINITIONS

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

“AFT”	Anglo-French Travel Pte Ltd, a company incorporated in Singapore with limited liability which is an indirect 60% owned subsidiary of the Company
“Agreement”	The sale and purchase agreement date 11 December, 2008 entered into by the Vendor and the Purchaser for the sale and purchase of the Sale Shares
“associate”	has the meaning defined in Chapter 1 of the Listing Rules
“Board”	the board of Directors
“Closely Allied Group of Shareholders”	<ol style="list-style-type: none"><li>(1) Prime Star Group Co. Ltd, wholly owned by Ms. Chan Yoke Keow (being a director of the Company), is a beneficiary of 488,166,207 shares (26.84%) of the Company;</li><li>(2) First Pacific International Limited, wholly owned by Ms. Chan Yoke Keow, is a beneficiary of 104,759,340 shares (5.76%) of the Company;</li><li>(3) Mr. Chan Heng Fai (the spouse of Ms. Chan Yoke Keow, being a director of the Company) owns 326,494,647 shares (17.95%) of the Company;</li><li>(4) Ms. Chan Yoke Keow (the spouse of Mr. Chan Heng Fai) owns 34,580,802 shares (1.9%) of the Company.</li></ol>
“Company”	Xpress Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of Sale Shares by the Vendor pursuant to the Agreement
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Independent Third Party” or “Independent Third Parties”	person(s) or company(ies) and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are third party(ies) who are not connected person(s) of the Company and is/are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as defined in the Listing Rules)
“Latest Practicable Date”	29 December, 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lee”	Mr. Lee Liat Cheng, beneficially interested in 40% of the issued share capital of AFT and is a director of AFT
“Purchaser”	Corporate Travel Singapore Holding Pte Ltd, a company incorporated in Singapore with limited liability
“Sale Shares”	60% of the issued and paid-up capital of AFT
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	SingXpress Investments Pte Ltd, a company incorporated in Singapore with limited liability which is an indirect wholly owned subsidiary of the Company
“Vinc Capital” or “Independent Financial Adviser”	Grand Vinc Capital Limited, a wholly-owned subsidiary of Vinc Financial Group Limited, a license corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Shareholders
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“JPY”	Japanese Yen, the lawful currency of Japan
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent.

*In this circular, the exchange rate of S\$1 to HK\$5.1 have been used for reference only.*

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## LETTER FROM THE BOARD

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### **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 Tung Moe (*Chief Executive Officer*)  
Chan Yoke Keow  
Chan Sook Jin, Mary-ann

*Registered and principal office:*

5/F., Island Place Tower  
510 King's Road  
North Point  
Hong Kong

*Non-executive Director:*

Fong Kwok Jen

*Independent non-executive Directors:*

Wong Dor Luk, Peter  
Joao Paulo Da Roza  
Chian Yat Ping

31 December, 2008

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

Dear Sir or Madam,

### **MAJOR AND CONNECTED TRANSACTION**

#### **INTRODUCTION**

On 11 December, 2008, the Company announced that the Vendor and the Purchaser entered into the Agreement for the disposal of the Sale Shares for a total of cash consideration of S\$2.1 million.

The Disposal contemplated by the Agreement constitutes a major transaction for the Company under the Listing Rules. Mr. Lee, a substantial shareholder of AFT who holds 40% equity interest in AFT, is a controller of the Group. Accordingly, the Disposal also constitutes a connected transaction for the Company under Listing Rule 14A.13(1)(b)(i).

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## LETTER FROM THE BOARD

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Written approval of the execution and performance of the Agreement and the transactions thereby contemplated was on 5 December, 2008 obtained from a Closely Allied Group of Shareholders who together holding approximately 52.45% of the current issued share capital of the Company. As no shareholders of the Company are required to abstain from voting at a general meeting to approve the 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. The Company has applied to the Stock Exchange for a waiver from the requirement to hold a shareholders meeting by way of a written certificate of approval by the shareholders. As a result, the Stock Exchange has agreed that the requirement on convening a general meeting of the Company to approve the Disposal mentioned above be waived.

The purpose of this circular is to provide you with details regarding the Disposal.

### THE AGREEMENT

#### Date

11 December, 2008

#### Parties

1. The Vendor; and
2. The Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Pursuant to the Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase of the Sale Shares at a consideration of S\$2,100,000 (approximately HK\$10,710,000).

#### Consideration

The Consideration for the disposal of the Sale Shares is S\$2,100,000 (approximately HK\$10,710,000) in cash to be payable at Completion. The consideration has been determined after arm's length negotiation between the Vendor and the Purchaser and after taken into account the net asset value and net profit of AFT for the year ended 31 March, 2008.

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## LETTER FROM THE BOARD

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### Conditions

Completion of the Disposal is conditional, among other things, on the following conditions precedent being fulfilled (or waived) on or before 7 January, 2009, or such later date as may be agreed by the Company and the Purchaser:

- (i) all necessary approvals from regulatory authorities including approvals from the Stock Exchange, having been obtained in respect of the Disposal, if necessary; and
- (ii) all necessary approvals by the shareholders of the Company in general meeting or by way of written Shareholders' approval by its majority Shareholders in lieu of the holding of the general meeting in respect of the Disposal in a manner as required by the Stock Exchange or under the Listing Rules having been obtained.

### INFORMATION OF AFT

AFT is a Singapore company whose principal business activity is travel related services which focuses on corporate travel for small and medium enterprises, government statutory boards, multi-national corporations and global companies' leisure travel. These include land packages and tours, "MICE" (Meetings – Incentives – Conventions – Exhibitions) and whole agent airline ticketing businesses.

A summary of the results of AFT for each of the three years ended 31 March, 2006, 2007 and 2008 is set out below.

	<b>2006</b>	<b>2007</b>	<b>For the year ended 31 March, 2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation	(4,142)	(550)	4,782
Profit/(loss) after taxation	(4,142)	(550)	3,966
Net asset value	2,756	6,061	9,585

### INFORMATION OF THE PURCHASER

The Purchaser, a company incorporated in Singapore with limited liability and is principally engaged in the investment holding. To the best of the directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are third parties independent of and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates as defined in the Listing Rules.

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## LETTER FROM THE BOARD

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### REASONS FOR THE DISPOSAL

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

In the light of the current adverse financial and economic circumstances, the Company has been evaluating all the businesses of the Group to determine the future plans of the Group and rationalize its business direction. The disposal of the Sale Shares by the Group will further streamline the business of the Group and the Directors consider that the Disposal represents a good opportunity for the Group to realize its investment in AFT at reasonable price. The Disposal will further strengthen the financial position of the Group and enhance its cashflow.

Subject to the review and confirmation by the independent accountants, it is estimated that as a result of the Disposal, the Group will record a net loss of approximately HK\$1.4 million calculated by deducting the estimated carrying value and goodwill of AFT from the Consideration of approximately HK\$10,710,000 to be received. It is the intention of the Group that the proceeds from the Disposal will be used for general working capital of the Group. Upon Completion, the Group will have no remaining interest in AFT and AFT will cease to be a subsidiary of the Group and therefore the financial results of AFT will no longer be consolidated in the financial statements of the Group and its assets and liabilities will no longer be included in the Company's consolidated balance sheet.

After the Disposal, the Company continues to maintain its property investment, financial services and securities investments, including corporate finance, consumer finance and hotel operation through its subsidiaries and the travel related services will be operating through one of its indirect 31% owned associate, SingXpress Ltd, a company listed on The Singapore Exchange Securities Trading Limited. The Directors are of the view that the Group has sufficient operations and tangible assets of sufficient value to warrant the continued listing of the shares of the Company on the Stock Exchange pursuant to the Listing Rules.

### GENERAL

Your attention is drawn to the general information set out in the appendix to this circular.

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

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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**XPRESS GROUP LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 185)

31 December 2008

*To the Independent Shareholders*

Dear Sirs,

**MAJOR AND CONNECTED TRANSACTION**

We have been appointed as members of the Independent Board Committee to advise you in connection with the Agreement and the respective transaction contemplated thereunder, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 31 December 2008 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same respective meanings when used herein unless the context otherwise requires.

Having considered the terms of the Agreement and the respective transaction contemplated thereunder and the advice of Vinco Capital in relation thereto as set out on pages 8 to 12 of the Circular, we are of the opinion that the terms of the Agreement and the respective transaction contemplated thereunder are fair and reasonable and are in the interests of the Group and the Independent Shareholders as a whole.

Yours faithfully,

Independent Board Committee

**Wong Dor Luk, Peter      Joao Paulo Da Roza      Chian Yat Ping**

*Independent non-executive Directors*

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## LETTER FROM VINCO CAPITAL

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*The following is the text of a letter of advice from Grand Vinco Capital Limited to the Independent Board Committee and the Shareholders in connection with the Disposal which has been prepared for the purpose of incorporation in this circular:*



**Grand Vinco Capital Limited**  
Units 4909-4910, 49/F., The Center  
99 Queen's Road Central, Hong Kong

31 December 2008

*To the Independent Board Committee and the Shareholders of  
Xpress Group Limited*

Dear Sirs,

### **MAJOR AND CONNECTED TRANSACTION**

#### **A. INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Shareholders in respect of the Agreement and the transactions contemplated thereunder, details of which are set out in the circular of the Company dated 31 December 2008 (the "Circular") to the Shareholders, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 11 December 2008, the Company announced that the Vendor and the Purchaser entered into the Agreement for the disposal of the Sale Shares for a total of cash consideration of S\$2.1 million (equivalent to approximately HK\$10,710,000) (the "Consideration").

The Disposal contemplated by the Agreement constitutes a major transaction for the Company under the Listing Rules. Mr. Lee, a substantial shareholder of AFT who holds 40% equity interest in AFT, is a controller of the Group. Accordingly, the Disposal also constitutes a connected transaction for the Company under Rule 14A.13(1)(b)(i) of the Listing Rules.

Written approval of the execution and performance of the Agreement and the transactions thereby contemplated was on 5 December 2008 obtained from the Closely Allied Group of Shareholders who together holding approximately 52.45% of the current issued share capital of the Company. As no shareholders of the Company are required to abstain from voting at a general meeting to approve the 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

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## LETTER FROM VINCO CAPITAL

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of the Company to approve the Agreement and the transactions thereby contemplated. The Company has applied to the Stock Exchange for a waiver from the requirement to hold a shareholder's meeting by way of a written certificate of approval by the shareholders. As a result, the Stock Exchange has agreed that the requirement on convening a general meeting of the Company to approve the Disposal mentioned above be waived.

The Independent Board Committee comprising Mr. Wong Dor Luk, Peter, Mr. Joao Paulo Da Roza and Ms. Chian Yat Ping, being all the independent non-executive Directors, has been formed to advise the Shareholders as to the fairness and reasonableness of the Disposal. We have been appointed as an independent financial adviser to advise the Independent Board Committee and the Shareholders in this regard.

### **B. BASIS OF OUR OPINION AND RECOMMENDATION**

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

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

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Disposal, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Shareholders solely in connection with their consideration of the Disposal and shall not be used for any other purpose in any circumstance nor for any comparable purpose with any other opinions, without our prior written consent.

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## LETTER FROM VINCO CAPITAL

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### C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Shareholders in relation to the Disposal, we have considered the principal factors and reasons set out below:

#### 1. Background of the Company, AFT and the Purchaser

##### *Background of the Company*

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

##### *Background of AFT*

AFT is a Singapore company whose principal business activity is travel related services which focuses on corporate travel for small and medium enterprises, government statutory boards, multi-national corporations and global companies' leisure travel. These include land packages and tours, "MICE" (Meetings – Incentives – Conventions – Exhibitions) and whole agent airline ticketing businesses.

According to the letter from the Board, the results of AFT for each of the three years ended 31 March 2006, 2007 and 2008 is set out below.

	<b>For the year ended 31 March</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation	(4,142)	(550)	4,782
Profit/(loss) after taxation	(4,142)	(550)	3,966
Net asset value	2,756	6,061	9,585

##### *Background of the Purchaser*

The Purchaser, a company incorporated in Singapore with limited liability and is principally engaged in the investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are third parties independent of and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates as defined in the Listing Rules.

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## LETTER FROM VINCO CAPITAL

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### **2. Reasons for and benefits of the Disposal**

As stated in the letter from the Board contained in the Circular, the Directors proposed to dispose AFT due to (i) the current adverse financial and economic circumstances; (ii) the Company will be able to streamline its business through the Disposal; and (iii) the Group can enhance its cashflow position through the receipt of consideration from the Disposal.

According to the International Air Transport Association (“IATA”), the number of passengers traveling on premium airline tickets who tend to be business travelers dropped 8 percent in September 2008 and international air traffic for October showing a second consecutive month of global decline. International passenger traffic declined by 1.3% compared to the same month in the previous year. We have also reviewed on public domain regarding the prospect of travel related services, and we noted that the global passenger traffic is declining owing to the recent financial crisis. The global passenger traffic dropped for approximately 0.6% for the ten months period ended 31 October 2008 as compared to the corresponding period in 2007. Based on the foregoing, we consider the tourist related services may remain gloomy. Therefore, we are of the view that the Disposal is in the ordinary course of business and in the interests of the Company and the Shareholders as a whole.

### **3. The Consideration**

The Consideration for the disposal of the Sale Shares is S\$2,100,000 (approximately HK\$10,710,000) in cash to be payable at Completion. The Consideration for the Disposal was arrived at after arm’s length negotiations between the Vendor and the Purchaser with reference to the net asset value and the net profit of AFT for the year ended 31 March 2008.

With reference to the results of AFT for the year ended 31 March 2008, the Consideration of approximately HK\$10.71 million for the Disposal and represents a premium of approximately 86.23% and approximately 350.08% over the audited net assets as at 31 March 2008 and audited net profit after taxation for the year ended 31 March 2008 of AFT respectively. Given the aforesaid, we consider the basis of determining the Consideration under the Agreement with reference to the net asset value and the net profit of AFT is fair. As confirmed by the Directors, we noted that the Disposal may result in a loss of approximately HK\$1.4 million, which is largely contributed by the attributable amount of goodwill capitalized is included in the determination of the amount of loss on the Disposal.

Based on the foregoing, having considered the Consideration represents premium over the net assets as at 31 March 2008 and net profit after taxation for the year ended 31 March 2008 of AFT and the loss arising from the Disposal is only largely contributed by the release of goodwill, we are of the view that the basis of determining the Consideration is on normal commercial terms and is favourable to the Company and Shareholders as a whole as far as the Shareholders are concerned.

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## LETTER FROM VINCO CAPITAL

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#### 4. Possible financial effects of the Disposal

##### *i. Earnings*

Upon completion of the Disposal, AFT will cease to be a subsidiary of the Company.

As stated in the Letter from the Board, the Group is expected to record a net loss of approximately HK\$1.4 million calculated by deducting the estimated carrying value and goodwill of AFT from the Consideration of approximately HK\$10,710,000 to be received.

##### *ii. Working capital*

Given the Consideration will be satisfied in full in cash, the Company expects an increase in cash of approximately HK\$10.71 million before deducting any legal and professional fees as a result of the Disposal. As set out in the Letter from the Board, the net proceeds from the Disposal will be used for general working capital of the Group.

##### *iii. Net assets value*

Given that the Consideration represents a premium of approximately 86.23% over the net asset value of the Group as at 31 March 2008, we are of the view that there should not be any material adverse impact to the net asset value of the Group immediately following the completion of the Disposal.

#### D. CONCLUSION

Despite the Disposal is expected to record a loss of approximately HK\$1.4 million upon the Completion, we have also considered the gloomy prospect of travel related services and the basis of determining the Consideration at premium over the net assets value and net profit of the Group. Having taken into the principal factors and reasons as the abovementioned, we are of the view that the Disposal is on normal commercial terms, in the ordinary course of business, in the interest of the Shareholders and the Company as a whole, and is fair and reasonable so far as the Shareholders are concerned.

Yours faithfully,  
For and on behalf of  
**Grand Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. FINANCIAL INFORMATION ON THE GROUP

### (a) Working Capital

After taking into account the financial resources available to the Group, including the proceeds from the Disposal, 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.

### (b) Indebtedness

As at the close of business on 31 October, 2008, 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\$117.9 million, comprising mortgage loans of approximately HK\$50.0 million, bank loans of approximately HK\$66.3 million, amounts due to associates of approximately HK\$1.6 million. The Group's mortgage loans were secured by certain leasehold properties and investment properties of the Group with carrying value of HK\$65.7 million. The bank loans were secured by a personal guarantee from a director of a subsidiary of the Group.

On the other hand, bank deposits of HK\$8.4 million were pledged of which HK\$3.9 million were pledged as security for the credit card business transactions with MasterCard International Inc. and HK\$4.5 million were pledged to banks to secure general banking facilities. In addition to the above, the Group has obligations under finance leases of approximately HK\$1.8 million.

As at 31 October, 2008, the Group has executed guarantees amounted to HK\$13.6 million to certain financial institutions to secure general banking facilities granted to its 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 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 31 October, 2008 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 31 October, 2008.

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 31 October, 2008.

**(c) Financial and Trading Prospects**

As stated in the circular of the Company dated 28 November, 2008, in the light of the current adverse financial and economic circumstances, the Company has been evaluating all the businesses of the Group to determine the future plans of the Group and rationalize its business direction.

After the Disposal, the Company continues to maintain its property investment, financial services and securities investments, including corporate finance, consumer finance and hotel operation through its subsidiaries and the travel related services will be operating through one of its indirect 31% owned associate, SingXpress Ltd. The Group will continue to implement cost control measures and margin management, as well as to allocate resources to effect healthy development of its businesses.

**3. 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	326,494,647	17.95
Chan Yoke Keow	Beneficial owner	34,580,802	1.9
	Held by trust ( <i>Note 1</i> )	65,706,960	3.61
	Held by controlled corporations ( <i>Note 2</i> )	<u>592,925,547</u>	<u>32.59</u>
		693,213,309	38.1
Chan Sook Jin, Mary-ann	Beneficial owner	1,146,832	0.06
	Held by spouse ( <i>Note 3</i> )	<u>3,416,000</u>	<u>0.19</u>
		4,562,832	0.25
Chan Tung Moe	Beneficial owner	15,370,000	0.84
Fong Kwok Jen	Beneficial owner	7,328,000	0.4
Chan Tong Wan	Beneficial owner	5,423,837	0.3
Wong Dor Luk, Peter	Beneficial owner	280,000	0.02
Da Roza Joao Paulo	Beneficial owner	4,800	0
	Held by spouse ( <i>Note 4</i> )	<u>460,000</u>	<u>0.03</u>
		<u>464,800</u>	<u>0.03</u>
		<u><u>1,053,137,425</u></u>	<u><u>57.89</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	11.1.2004	11.1.2004 – 5.8.2013	0.1600	15,000,000	0.82
	11.15.2004	11.20.2004 – 5.8.2013	0.1616	147,000,000	8.08
	5.22.2006	5.22.2006 – 5.8.2013	0.1566	120,000,000	6.60
Chan Yoke Keow	11.1.2004	11.1.2004 – 5.8.2013	0.1600	15,000,000	0.82
	11.15.2004	11.20.2004 – 5.8.2013	0.1616	35,000,000	1.92
Chan Tong Wan	11.15.2004	11.20.2004 – 5.8.2013	0.1616	15,000,000	0.82
	5.22.2006	5.22.2006 – 5.8.2013	0.1566	5,000,000	0.27
Chan Sook Jin, Mary-ann	11.15.2004	11.20.2004 – 5.8.2013	0.1616	5,000,000	0.27
Chan Tung Moe	11.15.2004	11.20.2004 – 5.8.2013	0.1616	5,000,000	0.27
	5.22.2006	5.22.2006 – 5.8.2013	0.1566	5,000,000	0.27
Fong Kwok Jen	11.15.2004	11.20.2004 – 5.8.2013	0.1616	4,500,000	0.25
Wong Dor Luk, Peter	11.15.2004	11.20.2004 – 5.8.2013	0.1616	3,000,000	0.16
Da Roza Joao Paulo	5.27.2005	5.28.2005 – 5.8.2013	0.1500	2,000,000	0.11
Chian Yat Ping	12.21.2006	1.30.2007 – 5.8.2013	0.1566	2,000,000	0.11
				<u>378,500,000</u>	<u>20.77</u>

## (c) Warrants

Name of director	Capacity	Number of warrants held	Number of underlying shares	Percentage of Issued share Capital of the Company %
Chan Heng Fai	Beneficial owner	172,000,000	172,000,000	9.46
Chan Yoke Keow	Beneficial owner	1,133,280	1,133,280	0.06
	Held by trust ( <i>Note 1</i> )	5,973,360	5,973,360	0.33
	Held by controlled corporations ( <i>Note 2</i> )	<u>34,800,529</u>	<u>34,800,529</u>	<u>1.91</u>
		41,907,169	41,907,169	2.30
Chan Sook Jin, Mary-ann	Beneficial owner	2,564	2,564	0.00
	Held by spouse ( <i>Note 3</i> )	<u>341,600</u>	<u>341,600</u>	<u>0.02</u>
		344,164	344,164	0.02
Chan Tung Moe	Beneficial owner	1,499,000	1,499,000	0.08
Fong Kwok Jen	Beneficial owner	382,800	382,800	0.02
Chan Tong Wan	Beneficial owner	525,214	525,214	0.03
Wong Dor Luk, Peter	Beneficial owner	28,000	28,000	0.00
Da Roza Joao Paulo	Beneficial owner	480	480	0.00
	Held by spouse ( <i>Note 4</i> )	<u>46,000</u>	<u>46,000</u>	<u>0.00</u>
		<u>46,480</u>	<u>46,480</u>	<u>0.00</u>
		<u><u>216,732,827</u></u>	<u><u>216,732,827</u></u>	<u><u>11.91</u></u>

## Notes:

1. These shares/warrants are owned by a discretionary trust, HSBC Trust (Cook Island) Limited. Mrs. Chan Yoke Keow ("Mrs. Chan") is one of the discretionary objects. Mrs. Chan is the spouse of Mr. Chan Heng Fai.
2. These shares/warrants are owned by First Pacific International Limited and Prime Star Group Co. Ltd., in which Mrs. Chan has 100% equity interests.
3. These shares/warrants are owned by Mr. Wooldridge Mark Dean, the spouse of Ms. Chan Sook Jin, Mary-ann.
4. These shares/warrants are owned by Ms. Josephina B. Ozorio, the spouse of Mr. Da Roza Joao Paulo.

In addition, the following outstanding options to subscribe for shares in the capital of a subsidiary of the Company, granted to certain directors of the Company under the share option schemes of this subsidiary were as follows:

eBanker USA.Com, Inc. (“eBanker”)

	<b>Exercisable period</b>	<b>Exercise price per share</b>	<b>Number of share options outstanding</b>	<b>Percentage of the issued share capital of the company %</b>
Chan Heng Fai	1.19.1999 – 1.17.2009	US\$3.00	500,000	4.33
Fong Kwok Jen	1.19.1999 – 1.17.2009	US\$3.00	100,000	0.87
			<u>600,000</u>	<u>5.20</u>

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*

<b>Name</b>	<b>Nature of interest</b>	<b>Number of shares/underlying shares held</b>	<b>%</b>
Prime Star Group Co., Ltd. (Note 1)	Beneficial owner	522,966,736	28.75

*Note:*

(1) Prime Star Group Co. Ltd is wholly owned by Ms. Chan Yoke Keow.

*(ii) Subsidiaries of the Company*

<b>Name of subsidiaries</b>	<b>Name of substantial shareholder</b>	<b>Percentage of shareholding (%)</b>
Anglo-French Travel Pte. Ltd.	Lee Liat Cheng	40%
ABC DEF Pte Ltd	China Diaoyutai International Travel Service	40%
Hong Kong Link Xpress Limited	Hong Kong Link Tours Limited	45%
Japan Xpress Limited	Planet Marketing Communications Inc.	40%
Japan Xpress Travel Limited	Planet Marketing Communications Inc.	22%
Xpress Finance Limited	MBf Asia Capital Corporation Holdings Limited	18%

Save as disclosed above, the Directors are not aware of any person as at the Latest Practicable Date who had an interest or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other member of the Group.

**4. 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 8 July, 2002. The litigation has been standstill for more than 7 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.

## 5. 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:

- (a) On 25 February, 2005, a service contract was entered into between the Company and Mr. Chan Heng Fai (“Mr. Chan”) for a term of three years expiring on 31 January, 2008. The service contract provides for the payment of a salary of HK\$2,100,000 per month. In addition, Mr. Chan is also entitled to received an accommodation allowance of HK\$30,000 per month. In the event that the Company should terminate Mr. Chan’s employment following the change of control of the Company, as defined in the service contract, or for any reasons not specifically excluded in the service contract, Mr. Chan shall be entitled to receive as liquidated damages a lump sum equal to the sum which would have been payable by the Company 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 3 July, 2007, a service contract was entered into between the Company and Mr. Chan for a term of two years commencing from 1 February, 2008. The service contract provides for the payment of a salary of HK\$185 per month. In addition, Mr. Chan is also entitled to receive an accommodation allowance of HK\$160,000 per month. On 20 November, 2008, a supplementary agreement was entered into between Mr. Chan and the Company for reducing the accommodation allowance to HK\$30,000 per month which is deemed to have taken effect on 1 November, 2008.

On 20 November, 2008, a service contract was entered into between SingXpress International Pte Ltd, a subsidiary of the Company and Mr. Chan for a term of three years expiring on 31 October, 2011. The service contract provides for the payment of a salary of S\$25,000 per month which is deemed to have taken effect on 1 November, 2008.

- (b) On 22 April, 2002, a service contract was entered into between the Company and Mrs. Chan Yoke Keow (“Mrs. Chan”) for a term of 5 years expired on 1 February, 2007 and is continuing on a month to month basis afterward until further notice. This service contract provides for the payment of a salary of the greater of (i) an annual salary equal to 1% of the net asset value of the Company as shown in its consolidated audited accounts at each financial year end of the Company, or (ii) 110% of the basic salary as mentioned in the service contract with Mrs. Chan. In addition, Mrs. Chan is also entitled to receive an accommodation allowance of HK\$30,000 per month. For a period of 12 calendar months

beginning 1 May, 2002, Mrs. Chan voluntarily received only 75% of the greater of (i) or (ii) above. In the event that the Company should terminate Mrs. Chan's employment following the change of control of the Company, as defined in the service contract, or for any reasons not specifically excluded in the service contract, Mrs. Chan shall be entitled to receive as liquidated damages a lump sum equal to the sum which would have been payable by the Company as gross salary in respect of the unexpired term of the service contract on the date notice of termination is given. Beginning 1 October, 2008, Mrs. Chan voluntarily received only HK\$200,000 per month representing approximately 26% of her original pay.

- (c) On 3 July, 2007, a service contract was entered into between the Company and Mr. Chan Tong Wan ("Tony Chan") for a term of three years and taken effect on 1 April, 2007. The service contract provides for the payment of annual salary of HK\$2 million, HK\$2.1 million and HK\$2.2 million for the first, second and third years of services and Tony Chan shall be entitled to an incentive bonus equivalent to 2.5% of the audited consolidated profit of the Group before tax at the end of every financial year or at such other rates or on such other terms as may be determined and approved by the Board. 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 Tony 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.
- (d) On 3 July, 2007, a service contract was entered into between the Company and Mr. Chan Tung Moe ("Moe Chan") for a term of three years expiring on 2 July, 2010. The service contract provides for the payment of annual salary of HK\$1 million, HK\$1.1 million and HK\$1.2 million for the first, second and third years of services and Moe Chan shall be entitled to an incentive bonus equivalent to 2.5% of the audited consolidated profit of the Group before tax at the end of every financial year or at such other rates or on such other terms as may be determined and approved by the Board. In addition, Moe Chan is also entitled to receive an accommodation allowance of HK\$20,000 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 Moe 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.

## 6. 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.

**7. 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.

**8. 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 31 March, 2008, 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 5th Floor, Island Place Tower, 510 King's Road, North Point, 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), MHKIM, AHKRFPP.
- (d) The qualified accountant of the Company is Mr. Wong Shui Yeung FCPA, MHKSI.

**9. MATERIAL CHANGE**

The Directors are not aware as at the Latest Practicable Date of any material adverse change in the financial or trading position or prospect of the Group since 31 March, 2008, the date to which the latest published audited financial statements of the Group were made up.

**10. MATERIAL CONTRACTS**

- (a) On 3 March, 2007, the Group acquired 52% of the share capital of Makino Air Travel Service Ltd ("Makino"), a company operating as a travel agency in Japan for a total consideration of JPY10,256,000.
- (b) On 1 April, 2007, the Group entered into an agreement with an independent third party to acquire the entire interest of Kabushiki Kaisha Aizuya, a company incorporated in Japan which operates a hotel business and the shareholder's loan for a total consideration JPY220 million (approximately HK\$14,586,000). The acquisition was completed on 21 May, 2007.
- (c) On 18 May 2007, SingXpress International Pte Ltd, an indirect wholly-owned subsidiary of the Company, entered into an agreement with a property developer in Singapore to purchase a property located in Singapore (the "Property") for a consideration of S\$6,900,000 (approximately HK\$35,190,000).

- (d) On 11 May, 2007, an indirect 35.03% owned subsidiary of the Company, eBanker USA. com, Inc. (“eBanker”) offer a right issue to its shareholders on a pro-rata basis at a price of US\$0.25 per rights share on the basis of ten rights shares for every three eBanker shares held by the shareholders of eBanker on 26 May, 2007. The Group applied excess rights shares and the interest in eBanker was increased from 35.03% to 81.84% upon completion of the rights issue on 19 June, 2007.
- (e) On 29 May, 2007, the Group has entered into a letter of confirmation with a security house in Japan to study the feasibility of applying for a secondary listing in Japan.
- (f) On 1 June, 2007, the Group entered into an agreement with an independent third party to acquire the entire interest of Hotel Plaza Miyazaki Co. Ltd., a company incorporated in Japan which operates a hotel, for a consideration of JPY300 million (approximately HK\$19,890,000).
- (g) On 27 July, 2007, the Group entered into a sale and purchase agreement for the acquisition of the entire equity interest in Crystal Travel Co., Ltd. (“Crystal”), a travel service company operating in Japan, at a consideration of approximately JPY52 million.
- (h) On 28 July, 2007, the Group entered into a sale and purchase agreement for the acquisition of US\$650,000 of convertible debentures and 65,000 ordinary shares of eBanker at a consideration of US\$520,000.
- (i) On 28 August, 2007, the Group entered into a non-binding memorandum of understanding for the acquisition of the 60% equity interest in each of Beijing BizExpress Information Technology Company Limited and Beijing Smarttravel FIT Travel Agency Co., Ltd., travel and hospitality related service companies operating in China, at a consideration of HK\$3 million. The acquisition was lapsed on 20 November, 2007.
- (j) On 3 September, 2007, the Group entered into disposal agreements for the disposal of 20% equity interest in Japan Xpress Ltd for an aggregate consideration of JPY100,050,000. The disposal was subsequently lapsed.
- (k) On 1 October, 2007, Suntec 23 Floor Pte Ltd, an indirect wholly-owned subsidiary of the Company, entered into three option agreements with the purchaser to grant to the purchaser the options to acquire three properties in Singapore at an aggregate consideration of S\$26,398,710 (approximately HK\$34,633,000).
- (l) On 14 February, 2008, the Company entered into a sale and purchase agreement with SingXpress Ltd for the disposal of the entire issued and paid-up share capital of each of Singapore Service Residences Pte Ltd and SingXpress International Pte Ltd and 60% of the issued and paid-up capital of Anglo-French Travel Pte Ltd and the benefits of the shareholder’s loan of S\$11,061,713 at a consideration of S\$35,936,624 to be satisfied by the issue and allotment of new SingXpress Ltd shares to be issued by SingXpress Ltd at the issue price of S\$0.04 each. The disposal was cancelled on 22 April, 2008.

(m) On 19 November, 2008, the Group entered into a sale and purchaser agreement for the disposal of the 56.46% of the issued and paid-up capital of Makino Air Travel Service Co., Ltd for a total of cash consideration of JPY30 million.

(n) 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.

#### **11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) at the offices of the Company at 5th Floor, Island Place Tower, 510 King's Road, Hong Kong up to and including 16 January, 2009:

- (a) the memorandum of association and the articles of association of the Company;
- (b) the material contracts referred to under the section headed "Material Contracts" in this Appendix;
- (c) the service contracts mentioned under the paragraph headed "Service Contracts" in this Appendix;
- (d) the written certificate for approving the transaction from the Closely Allied Group Shareholders;
- (e) the annual reports of the Company for the two years ended 31 March, 2008;
- (f) The circulars of the Company dated 7 June, 2008, 13 July, 2008 and 28 November, 2008;
- (g) this circular.