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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)

**(I) MAJOR TRANSACTION –
DISPOSAL OF PROPERTIES
(II) VERY SUBSTANTIAL ACQUISITION –
ACQUISITION OF LAND
AND**

(III) NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be held at Club Lusitano, 24th Floor, 16 Ice House Street, Central, Hong Kong, on Tuesday, 23 August, 2011 at 9:45 a.m. is set out on page EGM-1 of this circular. Form of proxy for use in the Extraordinary General Meeting is enclosed. Whether or not you propose to attend the Extraordinary General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the registered office of the Company at 24th Floor, Wyndham Place, 40–44 Wyndham Street, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting and any adjournment thereof, should you so desire.

29 July, 2011

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DEFINITIONS

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

“Acquisition”	The Tender for the acquisition of the Land by SXLPRL and Kay Lim;
“Additional Conditions of Tender”	Additional Conditions of Tender (Technical), which form part of the Tender Packet;
“Agency Agreement(s)”	the agency agreement(s) (a draft is set out at Appendices C(I) and C(II) of the Particulars & Conditions of Tender) to be entered between the HDB and the JV Company, where HDB appoints the JV Company to design and construct car park facilities and childcare centre on the Land respectively;
“Agreement”	The joint venture heads of agreement dated 25 May, 2011 entered into by SXLPRL and Kay Lim relating to, inter alia, the establishment of the JV Company upon successful tender for the acquisition of the Land;
“associate”	has the same meaning ascribed to it under the Listing Rules;
“Awarded Date”	3 June, 2011, being the date on which the tender was awarded;
“BCA”	the Building Construction Authority in Singapore;
“Board”	the board of the Directors;
“BP”	Building Plan, a permit issued by BCA with respect of the planning and design of property projects;
“Building Agreement”	A building agreement (a draft is set out at Appendix A of the Particulars & Conditions of Tender) to be entered between the President of the Republic of Singapore (and his successors in office) and the JV Company, where the JV Company agrees to purchase the Land and to build the Land for DBSS;
“Closely Allied Group of Shareholders”	<ol style="list-style-type: none">(1) Prime Star Group Co. Ltd, wholly owned by Ms. Chan Yoke Keow (being a director of the Company), is a beneficiary of 585,800,065 shares (22.18%) of the Company;(2) Mr. Chan Heng Fai (the spouse of Ms. Chan Yoke Keow, being a director of the Company) owns 1,061,505,486 shares (40.20%) of the Company; and(3) Ms. Chan Yoke Keow (the spouse of Mr. Chan Heng Fai) owns 133,950,093 shares (5.07%) of the Company.

DEFINITIONS

“Company”	Xpress Group Limited, a company incorporated in Hong Kong with limited liability and whose Shares are listed on the main board of the Stock Exchange;
“Completion Date”	31 August, 2011, being the date which the Acquisition is completed;
“CSC”	certificate of statutory completion, a permit issued by BCA. The building can only be occupied when a CSC or TOP is granted;
“DBSS”	the Singapore public housing sector of the Design, Build and Sell Scheme;
“DBSS Project”	the jointly participated in a tender bid relating to the Singapore public housing sector of the DBSS for the Acquisition of the Land under the DBSS;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Properties by the Vendor to the Purchaser pursuant to the Disposal Agreement;
“Disposal Agreement”	The agreement dated 15 April, 2011 between the Vendor and the Purchaser whereby the Vendor agreed to sell the Properties to the Purchaser;
“EGM”	the extraordinary general meeting of the Company to be convened and held at Club Lusitano, 24th Floor, 16 Ice House Street, Central, Hong Kong, on Tuesday, 23 August, 2011 at 9:45 a.m. to consider and, if thought fit, approve the Acquisition and the transactions contemplated under the Agreement by the Shareholders;
“Group”	the Company and its subsidiaries from time to time;
“HDB”	the Housing and Development Board;
“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;

DEFINITIONS

“Lease”	the Lease agreement (a draft is set out at Appendix B of the Particulars & Conditions of Tender) to be entered between the President of the Republic of Singapore (and his successors in office) and the JV Company, where the parties agree the Land be developed in accordance to the terms and conditions of the Tender Packet;
“JV Company”	a joint-venture company namely SingXpress KayLim Pte. Ltd established on 7 June, 2011 under the laws of Singapore by SXLPRL and Kay Lim in the equity proportion of 80% and 20% respectively pursuant to the Agreement, which shall own and develop the Land for DBSS;
“Kay Lim”	Kay Lim Holdings Pte Ltd, a company established under the laws of Singapore;
“Land”	the land parcel located at Pasir Ris Central/Pasir Ris Drive 1 for Public Housing Development in Singapore;
“Latest Practicable Date”	25 July, 2011;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Particular & Conditions of Tender”	the Conditions of Tender, which form part of the Tender Packet;
“PP”	Stipulated period of permission issued by URA for approval of renovation works carried out on HDB premises and new works;
“Properties”	5th Floor Island Place Tower, Island Place, 510 King’s Road, North Point, Hong Kong;
“Purchaser”	IPT 7 Company Limited;
“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);

DEFINITIONS

“SingXpress”	SingXpress Land Ltd, an indirect 62.68% 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;
“SXLPRL”	SingXpress Land (Pasir Ris) Pte Ltd, a wholly owned subsidiary of SingXpress;
“Tender”	The tender which, SXLPRL and Kay Lim have jointly participated to acquire the Land for the purposes of DBSS Project;
“Tender Packet”	the tender documents inviting the tenderer and providing the terms and conditions of the tender of the Land;
“TOP”	temporary occupation permit, a permit issued by BCA. The building can only be occupied when a CSC or TOP is granted;
“URA”	Urban Redevelopment Authority in Singapore;
“Vendor”	Ichi Ni San Enterprises Company Limited, a wholly-owned subsidiary of the Company;
“WP”	Written permission, a permit issued by URA with respect of the planning and design of property projects; and
“%”	per cent.

For illustration purpose, in this circular amounts in S\$ translated into HK\$ is calculated at the exchange rate of S\$1.00 to HK\$6.3. Such translation does not constitute a representation that any amount has been, could have been or may be exchanged at such rate.



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

29 July, 2011

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

Dear Sir or Madam,

**(I) MAJOR TRANSACTION –
DISPOSAL OF PROPERTIES
(II) VERY SUBSTANTIAL ACQUISITION –
ACQUISITION OF LAND
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

On 15 April, 2011, the Company announced that the Vendor entered into the Disposal Agreement with the Purchaser to dispose the Properties at an aggregate consideration of HK\$140,630,000.

On 31 May, 2011, SXLPR and Kay Lim have jointly participated in a tender relating to the DBSS Project and received the provisional tender results on the same date indicated that the tender price submitted by SXLPR and Kay Lim was highest. The Land was awarded to SXLPR and Kay Lim on 3 June, 2011.

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% and the applicable percentage ratios in respect of the Acquisition are greater than 100%, the Disposal and the Acquisition constitutes a major transaction and a very substantial acquisition transaction respectively 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. The purpose of this circular is to provide you with details regarding the Disposal and Acquisition.

THE PROPERTIES

Date of the Disposal Agreement: 15 April, 2011

Vendor: Ichi Ni San Enterprises Company Limited, a wholly-owned subsidiary of the Company

Purchaser: IPT 7 Company Limited

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 owners are third parties independent of the Company and its connected persons.

Properties: 5th Floor Island Place Tower, Island Place, 510 King's Road, North Point, Hong Kong

Sale price: HK\$140,630,000 payable in cash and the payment schedule is as follows:

- HK\$14,063,000, being the deposit, was paid by the Purchaser to the Vendor upon signing the Disposal Agreement;
- the balance of the purchase price of HK\$126,567,000 is payable to the Vendor on the date of completion.

Date of completion: 20 May, 2011 or such other day as may from time to time agreed in writing by the Purchaser and the Vendor

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in property development and property trading and investment, treasury investments and hotel operation.

LETTER FROM THE BOARD

The Properties have a total gross floor area of approximately 20,090 sq.ft. The Properties are currently subject to tenancy, which will expire on 31 July, 2012 and generating monthly rental revenue of approximately HK\$327,100 and upon completion these tenancies will be transferred by the Vendor to the Purchaser. The existing tenants of the Properties are third party independent of the Company and its connected persons.

The Directors consider that the Disposal is a good opportunity for the Group to realize its investment. 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 Properties have been determined after arm's length negotiations between the parties by reference to the recent transaction of the similar type of units in the property market. The Directors are of the view that the Disposal are in the interest of the Group and the terms of Disposal in the Disposal Agreement are in normal commercial terms, which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The audited net profits both before and after taxation attributable to the Properties for the financial year ended 31 March, 2010 were HK\$6.3 million and HK\$5.5 million respectively. The audited net profits both before and after taxation attributable to the Properties for the financial year ended 31 March, 2009 were HK\$5.1 million and HK\$4.4 million respectively.

The Disposal was completed on 20 May, 2011, the Group has received the proceeds of approximately HK\$139 million. The Company intends to use the net sale proceeds from the Disposal for the repayment of the mortgage loan of approximately HK\$72 million (as at 31 March, 2011) and the remaining balance will be used by the Group for the general working capital. Based on the book value of the Properties of HK\$119.5 million as at 31 March, 2010, it is estimated that a gain on disposal of approximately HK\$19.6 million (net of expenses) will be recorded by the Group. Consequently, the decrease in non-current assets of HK\$119.5 million will be offset by an increase of bank balance and cash of HK\$67.1 million and the corresponding decrease in bank borrowing of HK\$72 million.

The Directors consider that the terms of the Disposal Agreement are on normal commercial terms, and are fair and reasonable so far as the Company and the Shareholders are concerned, and that the term of the Disposal Agreement is in the interest of the Company and the Shareholders as a whole. If a general meeting of the Shareholders is to be held for the purpose of considering and, if thought fit, approving the Disposal Agreement, the Directors would recommend the Shareholders to vote in favour of the ordinary resolution in respect of approving the Disposal Agreement.

LETTER FROM THE BOARD

Written approval of the execution and performance of the Disposal Agreement and the transactions thereby contemplated was on 15 April, 2011 obtained from a Closely Allied Group of Shareholders who together holding approximately 67.45% 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 Disposal Agreement and the transactions thereby contemplated, the written approval of the a 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 Disposal Agreement and the transactions thereby contemplated.

THE ACQUISITION

On 31 May, 2011, SXLPR and Kay Lim have jointly participated in a tender relating to the DBSS Project and received the provisional tender results on the same date indicated that the tender price submitted by SXLPR and Kay Lim was highest. The Land has been awarded to SXLPR and Kay Lim on 3 June, 2011. SXLPR and Kay Lim will participate in the joint acquisition and development of the DBSS Project through the JV Company in the equity proportion of 80% and 20% respectively. As at the Latest Practicable Date, to the best of knowledge, information and belief of the Directors having made all reasonable enquiries, Kay Lim and its ultimate beneficial owners are third party independent of the Company and its connected persons.

The Tender and the Acquisition

Pursuant to the Particular & Conditions of Tender, details of the Tender, the Land and the Acquisition thereof are as follows:

- | | |
|---------------------|---|
| Date of acceptance: | 3 June, 2011, being the date on which the Tender has been awarded. |
| Subject matter: | The development known as Pasir Ris Central/Pasir Ris Drive 1 for Public Housing Development in Singapore. |
| Purchase Price: | S\$123,880,009 (equivalent to approximately HK\$780,440,000). |
| Payment: | The entire amount of the Purchase Price is required to be paid by cashier's order(s) or banker's draft drawn on a bank in Singapore in accordance with the following timetable: <ol style="list-style-type: none">1. Tender Fee, being S\$6,800,000 (approximately HK\$42,840,000) paid at submission of the Tender;2. S\$24,170,000 (approximately HK\$152,271,000), being 25% of the Purchase Price (less Tender Fee) to be paid on or before 30 June, 2011; and3. S\$92,910,006.75 (approximately HK\$585,333,000), being 75% of the Purchase Price to be paid on or before 31 August, 2011. |

LETTER FROM THE BOARD

Use of the Land: The permitted use of the Land is for residential purposes for Public Housing Development in the Republic of Singapore under the Housing and Development Act (Cap 129) 2004 Edition and the rules and regulations thereunder, as outlined on the Certified Plan No. 84066. The Land is with site area of approximately 16,388 square metres.

Lease Term: 103 years.

The Acquisition is subject to, among other things, the following conditions:

1. To submit to HDB the tender price of S\$123,880,009 in accordance with the above timetable;
2. To obtain the approval of the relevant authorities in Singapore for the purchase of the Land on or before the Completion Date;
3. To submit the building programme as stipulated in the Particular & Conditions of Tender to HDB for approval by 30 June, 2011;
4. To sign the Building Agreement, the Lease and the Agency Agreements by 14 September, 2011; and
5. To submit the design and construction plans and building plans to HDB for endorsement, on behalf of the Government as landowner, before submitting the same to the competent authority for approval.

If the conditions to the Acquisition cannot be fulfilled, the tender deposits paid will be forfeited and HDB shall be entitled to redispense of the Land and any deficiency in the proceeds shall be made good and paid by the tender.

The Acquisition constitutes a very substantial acquisition transaction of the Company under the Listing Rules and is subject to the approval of the Shareholders at the EGM to be convened by the Company.

No shareholder of the Company is interested in the Acquisition and is required to abstain from voting to approve the Acquisition. Mr. Chan Heng Fai and Ms. Chan Yoke Keow, the substantial shareholders and directors of the Company, are beneficially owns 1,783,385,644 Shares, representing approximately 67.5% of the nominal value of the securities giving the right to attend and vote at general meeting of the Company, have undertaken to vote in favour of any resolution to approve the Acquisition.

Terms of the Tender

All capitalised terms shall bear the respective meanings ascribed thereto in the Particulars & Conditions of Tender, which forms part of the Tender Packet available for inspection at the registered office of the Company in the manner as set out under the paragraph headed "Documents available for inspection" in Appendix V.

LETTER FROM THE BOARD

The terms of the draft Building Agreement, the draft Lease, the draft Agency Agreements, the Additional Conditions of Tender, and HDB's Mandatory Public Housing Design and Technical Requirements referred to below are annexed to the Particulars & Conditions of Tender, and are similarly available for inspection at the registered office of the Company in the manner as set out under the paragraph headed "Documents available for inspection" in Appendix V. The material terms and conditions of the Tender documents are as follows:

General

- (a) The Successful Tenderer shall be required to undertake at its own cost and expense the residential development of the Land for public housing development.
- (b) At any time on or after the issue of the TOP or CSC (both are granted by BCA) for the said development, the legal and beneficial interest of the Successful Tenderer in the reversion immediately expectant on the leases of the individual flat units and the entire estate in the common property on the Land shall vest in the HDB for an agreed consideration of S\$1. For this purpose, the Successful Tenderer shall do all acts and things as the HDB may in its absolute discretion require.
- (c) The Successful Tenderer shall be granted a lease of the Land for a term of 103 years on the terms and conditions set out within the draft Building Agreement, the draft Lease, the draft Agency Agreements, the Additional Conditions of Tender, and the HDB's Mandatory Public Housing Design and Technical Requirements, commencing from the date of full payment of land premium by the Successful Tenderer.

Requirement for Controlling Interest where Successful Tenderer Carries out Development

- (d) The Successful Tenderer may with the prior written consent of the HDB, together with one or more individuals or companies, whether as partners in an existing or newly formed partnership or otherwise, carry out the development and sign the relevant building agreement and agency agreement. In such a case, the Successful Tenderer shall ensure that it holds a controlling interest of a more than 50% share in the Land and the said development and will continue to hold and retain such a share until the date it receives the TOP, or the CSC, whichever is earlier.

Payment of Tender Price

- (e) The Successful Tenderer shall pay the tender price by Cashier's Order(s) made payable to the Commissioner of Lands, Singapore Land Authority, to the HDB in the following manner:
 - i. (where the payment of the tender deposit or part thereof is made by way of Banker's Guarantee(s) / Insurance Guarantee(s), within 7 days of the date of acceptance of his tender, pay the sum equivalent to the tender deposit;

LETTER FROM THE BOARD

- ii. Within 28 days of the date of acceptance of his tender, pay 25% of the tender price (less the tender deposit); and
- iii. Within 90 days of the date of acceptance of his tender, pay 75% of the tender price.

Completion of Project

- (f) The Successful Tenderer shall construct and obtain a single TOP for the whole of the said development within 48 months from the date of acceptance of the tender by the HDB.

Costs and Expenses

- (g) The Successful Tenderer shall forthwith pay on demand:
 - i. All Singapore Land Authority fees, cost of preparation of plans and subdivision fees and all other costs and expenses incidental thereto or arising therefrom and all stamp duties, registration fees and sealing fees payable in respect of the lease and all other expenses incurred or to be incurred in connection with the preparation, completion and/or registration of, *inter alia*, the Building Agreement and matters incidental thereto or arising therefrom.

Non-Assignment, Mortgage, etc

- (h) During the period of the Building Agreement or before the said development is completed, the Successful Tenderer shall not assign demise mortgage or part with the benefit of the said Building Agreement nor shall the Successful Tenderer demise, mortgage, charge, assign, sublet or part with the possession of the Land or any part thereof without the prior written consent of the HDB.

Breach

- (i) If the Successful Tenderer shall for any reason fail to sign the Building Agreement and Agency Agreements within 14 days from the date of payment of the tender price of the Land in full or to observe or perform or fail to ensure the due performance of any of the terms of these Particulars & Conditions of Tender, the HDB may impose such penalties as it deems fit as well as forfeit the tender deposit submitted together with the tender and all other moneys paid under the provisions hereof, which shall thereupon belong to the HDB.
- (j) The HDB shall also be entitled to re-possess and re-dispose of the Land and any interest therein in the said development (whether construction thereof has commenced or not) as if the Successful Tenderer has never submitted a tender for the Land.

LETTER FROM THE BOARD

Debarment

- (k) Without prejudice to any right of action or other remedy which the Government and/or HDB may have or any proceedings, civil or criminal which the Government or HDB may decide to initiate to take:
 - i. The Government and/or the HDB reserve the right to debar the Successful Tenderer from participating in all or any future tenders and auctions of the Ministries and Departments of the Government and Statutory Boards for such period as the Government and/or the HDB may at their discretion determine for any failure on the part of the Successful Tenderer to observe or perform any of the terms and conditions contained or referred to in these present Particulars & Conditions of Tender, the Building Agreements, Agency Agreements, Lease, the Additional Conditions of Tender (Technical) and HDB's Mandatory Public Housing Design and Technical Requirements, or for giving false information, abandonment or breach of contract; and
 - ii. The Successful Tenderer shall on demand pay such amount as the Government and/or the HDB may determine as compensation for any loss and damage that may be suffered, directly or indirectly, by the Government and/or HDB as a result of any non observance or breach of (this condition) on the part of the Successful Tenderer or its employees or agents.

Indemnity

- (l) The Successful Tenderer shall be solely liable for and shall fully indemnify and keep indemnified the HDB and the Government in respect of all losses, damages, injuries, claims or demands which may arise, whether directly or indirectly under the terms of or in connection with the Building Agreements, Agency Agreements, Lease, the Additional Conditions of Tender (Technical) and HDB's Mandatory Public Housing Design and Technical Requirements.

As the Tender Packet contain significant technical information which is principally designed for the use of professionals who participate in the field of property development to perform their duties and obligation in relation to the safety, materials and technical requirements under the DBSS Project, it is the Directors' view that to give further details of the Tender Packet will result in particulars of excessive length, which are immaterial in nature to a Shareholder making an informed decision with respect to the Acquisition, and may not be understandable by the general public. The Directors consider that all material terms and conditions have been extracted and reflected in this circular and that the information contained is materially complete, contains all information necessary to allow the Shareholders to make a properly informed decision and that the Company has not omit any material facts of the Acquisition. The Tender Packet is available for inspection at the registered office of the Company in the manner as set out under the paragraph headed "Documents available for inspection" in Appendix V.

LETTER FROM THE BOARD

Financing of the Acquisition and the DBSS Project

The funding for the Acquisition and development of the DBSS Project will be provided by SXLPRL and Kay Lim by way of equity and shareholders' loans to the JV Company according to their respective interests in the JV Company and project financing as deemed appropriate by the board of the JV Company from time to time.

Based on the List of DBSS Sites Awarded publication issued by the HDB, the Land is one of the land parcels closest to the MRT which the HDB has opened for tender of DBSS projects. The tender prices for previous DBSS sites awarded have ranged from S\$52 million to S\$224 million, and each bid has attracted on average, 6 bidders. The Land is located in close proximity to the Pasir Ris MRT station and White Sands Shopping Centre at Pasir Ris Central/Pasir Ris Drive 1, and the Board anticipates that this is likely to result in good demand for the DBSS flats. The tender price of S\$123.88 million for the Acquisition was submitted after taking into consideration the recent market transacted prices of similar projects under the DBSS in Singapore and feasibility study on the location and development potential of the Land conducted by the Group which indicated that the preliminary value of the Land are not less than the tender price.

The Group may finance its portion of the funding requirements for the Acquisition and development of the DBSS Project by internal resources, corporate banking facilities and project financing or from other sources as deemed appropriate by the Board from time to time. On 6 July, 2011, the Company announced a proposed open offer to raise not less than approximately HK\$43.57 million. The estimated net proceeds of the open offer are approximately HK\$43 million and are intended to be used as additional working capital to strengthen the Company's financial position. For details of the open offer, please refer to the Company's announcement dated 6 July, 2011.

Key information on the JV Company:

(i) *Purpose of the JV Company*

SXLPRL and Kay Lim have incorporated the JV Company in Singapore, namely SingXpress KayLim Pte. Ltd ("SXLKL") on 7 June, 2011 for the principal purpose of owning and developing the DBSS Project.

(ii) *Registered capital and investment*

SXLKL is 80% and 20% owned by SXLPRL and Kay Lim respectively and has a total issued and paid-up capital of S\$1,000,000 (approximately HK\$6,300,000) which was contributed in cash as to 80 per cent. (equivalent to HK\$5,040,000) by SXLPRL and 20 per cent. by Kay Lim.

LETTER FROM THE BOARD

(iii) Board of directors and management

The board of directors of the JV Company comprises 5 directors of which 4 were appointed by SXLPR L and 1 was appointed by Kay Lim which will decide, among other things, the key issues such as the borrowings and/or the obtaining of credit facilities, the grant of guarantee or indemnity by the JV Company, any material amendment to the architectural design and overall development layout for the DBSS Project and any significant increase of the development costs budget for the DBSS Project.

There shall be a development and management committee comprising 4 members of which SXLPR L shall be entitled to appoint 3 members and Kay Lim shall be entitled to appoint 1 member.

For certain major events including, inter alia, amendment to the articles of association of the JV Company, suspension or dissolution of the JV Company, increase in or assignment of the registered capital of the JV Company and merger of the JV Company with other economic organization, affirmation vote of at least 1 director from each of SXLPR L and Kay Lim is required.

(iv) Profit Sharing and Distribution policy

All distributions and dividends by the JV Company shall be made to SXLPR L and Kay Lim in proportion to their respective shareholdings in the JV Company.

The profits in respect of each financial year of the JV Company shall be applied by the JV Company in payment of the dividends in accordance with its articles of association, subject to among other things, the applicable laws and regulations, any restrictions or conditions which may be imposed by the external financiers, cash availability and the appropriation of such reasonable and proper reserves for working capital or otherwise as the board of the JV Company may think fit.

Information on the Land and the DBSS Project

The HDB is Singapore's public housing authority and a statutory board under the Ministry of National Development. HDB plans and develops public housing towns that provide Singaporeans with quality homes and living environments. In this effort, HDB engages in active research and development work to ensure that cost-effectiveness and quality standards are maintained and continually improved upon. DBSS is a scheme that involves the private sector in the development of public housing so as to bring about greater innovation in the building and design of flats and offer more housing choices to flat buyers.

Under DBSS, the developer tenders for the land and enjoys flexibility in designing, pricing and selling the flats subject to the relevant legislation and rules to preserve the character of public housing and ensure building quality and safety. Flats sold under DBSS

LETTER FROM THE BOARD

come with a 99-year lease and will be offered to buyers under similar HDB eligibility conditions like flats developed by HDB. These conditions include citizenship, age, family nucleus, income ceiling and past or current ownership in other public or private property. First time buyers who are eligible receive cash and financing subsidies and are allowed to utilize their pension scheme to assist with their equity payments. Demand is often based on an individual's timing with respect to meeting the criteria, and property locations are often driven by personal circumstances and distance to the MRT. As a result HDB flats have been in some cases up to 10 times "oversubscribed".

The JV Company will be responsible for the sales of the DBSS flats. The typical sales arrangement for DBSS units is that prior to pre-sales, interested and eligible buyers will register their interest via an application. The number of interested parties often exceeds the number of units available for DBSS projects and as such a randomized balloting process determines the position in queue for each buyer to select a unit should they choose to proceed. The buyers will be screened to ensure their eligibility. Eligibility criteria include citizenship, age, family nucleus and past or current ownership in other public or private property. The family income ceiling presently for DBSS eligibility is S\$10,000 per month. All eligibility terms are subject to change by the Ministry of National Development from time to time. Besides the eligibility restrictions, the JV Company may generally use its own discretion relating to the sales of units.

At any time on or after the issue of the TOP or CSC, whichever is earlier, the JV Company will vest the entire development site to the HDB for lease administration and to the town council for maintenance of the common property and car parks. The sales dates and handover date are not related to each other and the expected handover date will be in 2015 or earlier. In the event that the TOP or CSC occurs while there are unsold units, the JV Company will continue to sell the remaining unsold units until they are all sold.

The JV Company is responsible for defects in the development for a period of 12 months from the date of the TOP or CSC whichever is earlier. The JV Company is also required to give a 10-year warranty against spalling concrete and a 5-year warranty against ceiling leakage and wall seepage from the exterior. It is the intent of the JV Company to hold the contractor responsible for such warranties.

The Land has a lease term of 103 years and situated at Pasir Ris Central/Pasir Ris Drive with a total site area of approximately 176,400 square feet. The maximum allowable gross floor area is approximately 441,000 square feet. It is intended that the Land will be developed into approximately 454 units of public housing under the DBSS (inclusive of a child care centre, car park and all facilities ancillary to the development) on or before 31 May, 2015.

The JV Company is required to discuss with the HDB the preliminary conceptual and urban design of the said development. HDB will share with the JV Company the HDB's experience and good practices of building public housing. The JV shall liaise with the town council during design stage on the performance criteria for maintainability and to establish the quantum of services & conservancy charges to be charged by the town council. The JV Company shall be required to undertake at its own cost and expense the residential development of the Land for public housing development.

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Major permits and certificates for the DBSS Project

The JV Company is subject to the relevant laws and regulations of Singapore relating to property development of the DSBB Project. The applicable Act is the Housing and Development Act (Part IVB) and the applicable rules are Housing and Development (Application of Part IV to Design-Build-and-Sell Scheme) Rules and Housing and Development (Design-Build-and-Sell Scheme – Form of Contract) Rules.

The JV Company will apply all necessary permits/licenses such as PP, WP, BP, TOP and/or CSC from the URA and BCA and/or other relevant governmental authorities/regulatory bodies regarding the construction and development of the DBSS Project at later stages in accordance with the progress of the DBSS Project.

For the DBSS Project, it is the requirement that the HDB first endorses the development plans before the URA will issue its approval. The HDB will examine the development plans from the perspective of preserving the character of public housing. This includes requirements include items such as flat type distribution, the inclusion of a precinct pavilion, the building's orientation and linking pedestrian walkways.

There are no specific deadlines for each specific milestone of the DBSS Project but the significant milestone permits required by the JV Company in chronological order are:

- (1) Obtaining PP – The JV Company will first apply for PP issued by the URA. This application is made when there are certain conditions outstanding which must be met after PP is received, but before WP is received. When the URA grants PP, it also provides a set of further details that the URA expects to see addressed in the WP submission;
- (2) Obtaining WP – Subsequent to receiving the PP, the JV Company will apply for WP issued by the URA. This application is made and issued when the application complies with all the parameters required for planning approval based on the prevailing planning control guidelines; and
- (3) Obtaining BP – Subsequent to receiving the WP, the JV Company will apply for BP issued by the BCA. BP will be obtained by demonstrating the development complies with a series of technical requirements such as road provisions, tree provisions, car park provisions, fire safety requirements, sewage and drainage, bomb shelter requirements, etc. BCA will check that the application complies with building safety and compliance to the rules and regulations in the Building Control Acts.

The permissions stated in (1) and (2) above collectively are referred to as “Planning Approval”. Planning Approval primarily examines the design parameters such as set back, plot ratio, height, etc. to ensure they meet guidelines.

When the building works are completed, the JV Company may apply to the BCA for a CSC or a TOP. The building can only be occupied after a CSC or TOP is granted. TOP is a temporary permit to allow owner to occupy the building when the key regulatory requirements are met as it may take some time to obtain the CSC. However, application may be made directly for a CSC when all the requirements have been complied with.

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At present, the Directors are not aware of any foreseeable obstacles in obtaining such permits/licences/certificates, because in addition to the two joint venture partners' in house experience and expertise, it is in the process of working with and intends to employ experienced consultants for the development including: architects, structural engineers, M&E engineers and landscape architects who are familiar with successfully obtaining such permits/licences/certificates. In addition, it is agreed under the Agreement that Kay Lim, a well-established contractor for the construction and development of the DBSS Project will act as the main contractor for the construction of the DBSS Project so as to ensure up-to-standard quality and compliance with any applicable rules and regulations pertaining to the grant of the relevant permits/certificates/licences. Kay Lim has agreed to complete the construction of the DBSS Project within a pre-determined price with a construction period not exceeding 30 months from date of permit to commence work at HDB's standard provisions and delivery of work all construction requirements and construction related warranties of the Tender Documents. As a mitigating measure, the construction agreement to be entered into between the JV Company and the contractor(s) would contain provisions which would allow the JV Company to claim for damages should the JV Company fail to obtain any relevant permits/licences/certificates as a result of the poor quality or default in the construction and development of the DBSS Project on the part of the contractor(s).

Risks relating to the DBSS Project

The Group may not be able to obtain additional funding or generate sufficient cash from its operations to fund capital requirements.

Additional funding from external sources and internally generated cash may be required by the Group to finance the operations of the JV Company and the DBSS Project. There can be no assurance that external source of funds or cash generated internally will be sufficient or available to meet the financial needs of the Group. There is no guarantee that the Group will be able to obtain additional external funding on terms acceptable to it or at an acceptable cost or at all. If the Group cannot secure adequate funding at an acceptable cost, or any current banking facilities granted to the Group are terminated or reduced, its ability to finance its operations may be restricted or limited.

Our business, financial condition and results of operations may be materially and adversely affected if we fail to obtain, or are considered by relevant governmental authorities to have failed to obtain, or experience material delays in obtaining, Singapore government approvals or certificates for the DBSS Project.

The property industry in the Singapore is regulated by the Singapore government. Singapore property developers must comply with various requirements mandated by applicable laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to develop and complete a property project, a property developer must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of the project, including planning permits, construction permits, pre-sale permits and TOP or CSC.

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We cannot assure that we will not encounter major problems in obtaining the permits, licenses, certificates or approvals as required, or that we will be able to adapt ourselves to new laws, regulations or policies that may come into effect from time to time with respect to the property industry in general or the particular processes with respect to the granting of the approvals. In addition, there may also be delays on the part of the relevant regulatory bodies in reviewing our applications and granting approvals. In the event that the Group fails to obtain such permits, licences, certificates or approvals in accordance with the planned schedule or at all, the development of the DBSS Project may be adversely disrupted or even, in the worst scenario, may not be completed at all.

We may not be able to complete the DBSS Project on time.

Property development projects require substantial capital expenditure prior to and during the construction period. The timing and costs involved in completing a development project can be adversely affected by many factors, including:

- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- shortages of materials, equipment, contractors and skilled labor;
- increases in prices of raw materials;
- quality issues with construction materials;
- labor disputes;
- construction accidents;
- natural catastrophes; and
- adverse weather conditions.

Construction delays or the failure to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors may result in loss of or delay in recognising revenues and lower returns. If a pre-sold property development is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery. If the delay extends beyond a certain period, the purchasers may even be entitled to terminate the pre-sale agreements and claim damages. In addition, further regulatory changes, competition, and inability to procure governmental approvals or required changes in project development practice could occur at any stage of the planning and development process. We may not be able to complete the DBSS Project on time and may become liable to HDB, including forfeiture of the tender deposit and all other monies paid to HDB and the Land and any interest in the development (whether or not construction has commenced) shall belong to HDB without any compensation to the JV Company and HDB has the right to recover the deficiency of proceeds from the JV Company if HDB re-dispose of the Land at a lower price than the tender price.

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We may need to maintain a substantial level of indebtedness to finance the development of the DBSS Project, and we may not have adequate cash flow to fund our operations or to service our financing obligations.

The property development business is capital intensive. It typically requires substantial capital outlays for land acquisition and property development and may take months or years before a cash inflow, if any, can be generated by the pre-sale or sale of a completed property development. We cannot assure that we will be able to generate sufficient cash-inflow from the pre-sale of the units as expected or obtain any bank loans or credit facilities on terms acceptable to us or at all. Our ability to do so will depend on a number of factors, many of which are beyond our control.

We cannot assure you that we will not be subject to any financing restrictions as a result of a change in regulations or their interpretation or implementation by commercial banks or government authorities, or otherwise. We cannot assure you that the Singapore Government will not introduce other initiatives which may limit our access to capital. The foregoing and other initiatives introduced by the Singapore Government may limit our flexibility and ability to use bank loans or other forms of financing to fund the development of the DBSS Project and therefore may require us to maintain a relatively high level of internally sourced funds. As a result, our business and financial condition may be materially and adversely affected.

Mortgage financing may become more costly or otherwise less attractive or available.

Property purchasers generally rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing and affect the affordability of properties. Should the lending rate be increased, mortgage financing will be more expensive for our potential customers. In addition, the Singapore Government and commercial banks may also increase the down payment requirements, impose other conditions or otherwise change the regulatory framework or lending policies in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase the residential units under the DBSS Project and, as a result, our business, financial condition and results of operations could be adversely affected.

Our results of operations may be negatively affected by increases in the cost of construction materials.

Construction materials constitute a key driver of the construction costs of the property projects. In general, the construction materials costs are included in the contract fee payable to the contractors, who are generally responsible for procuring the required construction materials. Nonetheless, we may be required to bear certain of the increased costs when the prices of the construction materials exceed a certain threshold. Due to the rapid growth in the property development industry in recent years, construction materials have substantially increased in price. Such price adjustment terms are not uncommon in the property construction agreements. We may be required to enter into contracts with

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similar pricing terms with the third party contractor(s), which will, in part, be affected by market practices which may be beyond our control. Furthermore, there can be no assurance that our contractors will actually complete their contract performance without any fee adjustment, or at all, or that we can find replacement contractors at the same fee if construction materials continue to increase in price. Should our contractors fail to perform under the fixed price contracts as a result of increases in prices of construction materials or otherwise, we may incur significant litigation costs and replacement costs, which would adversely affect our results of operations.

We rely on independent contractors.

We intend to engage independent contractors to provide various services, including construction, piling and foundation, engineering, interior decoration, mechanical and electrical installation and utilities installation. The selection of such contractors will be largely based on their reputation for quality, track record and references. However, we cannot assure you that the services rendered by any of these contractors will always be satisfactory or match our requirements for quality. Moreover, we cannot assure you that the DBSS Project will be completed on time, or at all. If our contractors cannot deliver satisfactory services due to financial or other difficulties, we might incur additional costs and suffer adverse effect on our business, financial condition and results of operations.

The government may adopt further measures to curtail the overheating of the property sector.

Over the past few years, property developers have invested heavily in Singapore, raising concerns that certain sectors of the property market are subject to overheating. In response, the government has from time to time introduced austerity measures intended to curtail the overheating of property development and discourage speculation in the residential property market. Some of the restrictive regulations and measures to curtail the overheating of the property sector may affect the future business of the Group, limit our access to capital resources or restrict the development of the DBSS Project as currently planned.

We cannot be certain that the government will not issue additional and more stringent regulations or measures, which could further slow down property development in Singapore and adversely affect our business, financial condition, results of operations and prospects.

Expected timetable

It is expected that the JV Company will sign the Building Agreement, the Lease and the Agency Agreement by 14 September, 2011. As advised by the Directors, to the best of their estimation, the construction and development of the Project is expected to take place in the second quarter of 2012 and the launch of pre-sales of the units are targeted for 2012. The expected time which the DBSS Project would be completed is around the first quarter of 2015. The JV Company is working with the engineer along with the architect, nevertheless, as at the Latest Practicable Date, the DBSS Project is still at the planning stage and as confirmed by the Directors, no architecture plan and/or business plan has

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been finalised at this initial stage. Hence the expected time frame disclosed above is indicative only and subject to change.

Financing of the JV Company

SXLPRL and Kay Lim will provide funding for the DBSS Project to the JV Company according to their respective interests in the JV Company. The balance of the funding required by the JV Company for the Project may be financed by way of shareholders' loans on a several and pro-rata basis, by reference to the respective interests in the JV Company held by SXLPRL and Kay Lim and project financing as deemed appropriate by the board of the JV Company from time to time. The Company anticipates that the total commitment of the JV Company for the Acquisition and development of the Land should not exceed S\$253.88 million (approximately HK\$1,599.4 million). This comprises the purchase consideration for the Acquisition, the construction cost for the Land, and other related costs for the development of the Land. On this basis, the estimated pro-rata commitment of the Group for the DBSS Project is S\$203.1 million (approximately HK\$1,279.5 million). The JV Company has secured banking facilities for the DBSS Project and the Purchase Price will be funded partly by internal resources and partly by bank borrowings in the ratio of 30% and 70% respectively. The development costs will be funded partly by internal resources and pre-sale proceeds from the DBSS units and partly by bank borrowings. The bank borrowings are repayable 6 months from the date of TOP or 31 December 2015, whichever is the earlier and the JV Company will use the proceeds from the sales of the DBSS units to repay the bank borrowings.

The Group may consider engaging a property agent to conduct sales activities and any sales and marketing costs associated are expected to be incurred at a later stage.

Profit Sharing

SXLPRL and Kay Lim have agreed that any profit derived from the development of the Land will be apportioned between SXLPRL and Kay Lim on a pro-rata basis, by reference to their respective interests in the JV Company.

Information of Kay Lim

Kay Lim is a private limited company incorporated in Singapore. It is mainly engaged in investment holding and building constructions. It carries on the business of investment holding and building construction and has a good reputation and strong experience in the development of other HDB public housing projects such as ones developed under the build-to-order scheme.

Reasons for the Acquisition

The Group is principally engaged in property development and property trading and investment, treasury investments and hotel operation.

The public housing market in Singapore is a relatively conservative and stable segment which intends to provide affordable, subsidized and stably priced housing to its

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citizens. The public housing demand is generally driven by eligibility and access to subsidies and other assistances, and the Singapore government controls the supply of such housing to match this demand. The Directors expect that the volatility of sale prices will be low and there will be natural demand due to supply controls and consider that the Group's venture into projects under the DBSS is a relatively low-risk opportunity for the Group to grow its asset portfolio into larger scale real-estate projects. In addition, the terms of the Acquisition are on normal commercial terms, and are fair and reasonable so far as the Company and the Shareholders are concerned, and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Directors consider that the terms of the Agreement are on normal commercial terms, and are fair and reasonable so far as the Company and the Shareholders are concerned, and that the term of the Agreement is in the interest of the Company and the Shareholders as a whole.

Effects on Earnings, Assets and Liabilities

Assuming the Acquisition will be funded by internal resources and banking financing including bank borrowings in the ratio of 30% and 70% respectively. The total assets of the Group will be increased by S\$94.15 million (approximately HK\$593.15 million), being the net effect of increase in the Land of S\$123.88 million (approximately HK\$780.44 million) and decrease of bank balance of S\$29.73 million (approximately HK\$93.68 million) while the total liabilities of the Group will be increased by S\$86.72 million (approximately HK\$546.34 million) which is attributable to the bank borrowing. Minority interest will be increased by S\$7.43 million (approximately HK\$46.81 million). The Board does not expect the Acquisition to have any immediate material effect on the earnings of the Group.

Financial, trading prospects and future plan of SingXpress

The Group presently has two property re-development projects in Singapore, both are freehold properties which have undergone collective sales.

The first is a site on Charlton Road purchased for S\$21.4 million (approximately HK\$134.8 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 quality three-storey cluster terrace houses with lap pool and underground carpark upon completion in 2013. The total commitment of the acquisition and redevelopment of this project will be approximately S\$41.2 million (approximately HK\$259.6 million) and the estimated pro-rata commitment of SingXpress is S\$33.0 million (approximately HK\$207.6 million). The project has been funded partly by internal resources and partly by bank borrowings in the ratio of 25% and 75% respectively. The bank borrowings are repayable 6 months from the date of TOP or 31 December 2013, whichever is earlier.

The second site in Balestier was purchased for S\$21 million (approximately HK\$132.3 million) in November 2010. Formerly known as Waldorf Mansions, the old tower block will be redeveloped in 2013 into a new condominium block for completion by

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2014. The total commitment of the acquisition and redevelopment of this project will be approximately S\$39,300,000 (approximately HK\$245,600,000). The project has been funded partly by internal resources and partly by bank borrowings in the ratio of 25% and 75% respectively and the bank borrowings are repayable 6 months from the date of TOP or 30 April 2015, whichever is earlier.

SingXpress' venture into the properties trading and properties investment arena has thus far been conservative, given the restrictions of its capital base. However, in order to truly further the SingXpress Group's business in property investment and property development/re-development, SingXpress recognises the need to move into larger and more varied property development or redevelopment projects. At the same time, having regard to the large and long term capital commitment typically required for property development or re-development, it acknowledges that it might not be feasible for the SingXpress Group to provide the majority of the equity required to fund all such projects. SingXpress proposes instead that it takes the lead to seek out land sites with property acquisition and development/re-development opportunities, then evaluate the commercial risks and viability of these opportunities, and propose commercial parameters (such as the level of debt and equity) for the acquisition and development/re-development of such sites. Thereafter, SingXpress Group will source for co-investors and joint venture partners on such projects, and playing as far as possible a lead or co-lead role for the duration of these projects.

SingXpress intends to bid, either on its own or with co-investors or joint-venture partners, for development projects under the DBSS and/or executive condominium, subject to the aggregate size of the project(s) not exceeding S\$300 million (HK\$1,890 million). In line with the indicators of continued further growth in the property market, and the SingXpress' intention to increase its market capitalisation and balance sheet performance, SingXpress intends to acquire, either on its own or with co-investors or joint venture partners, one or more en-bloc sites for holding and/or re-development, provided that the total acquisition and/or re-development costs for all these en-bloc sites shall not exceed S\$300 million in aggregate (HK\$1,890 million).

EGM

Set out on page EGM-1 is a notice convening the EGM to be held at Club Lusitano, 24th Floor, 16 Ice House Street, Central, Hong Kong, on Tuesday, 23 August, 2011 at 9:45 a.m. at which ordinary resolutions will be proposed to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the registered office of the Company at 24th Floor, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. Voting on the proposed resolution at the EGM will be taken by poll.

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RECOMMENDATIONS

The Directors consider that the terms of the Acquisition are fair and reasonable and are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition, the Agreement and the transactions contemplated.

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

(A) AUDITED FINANCIAL STATEMENTS OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 March 2009, 2010 and 2011 are disclosed in the annual reports of the Company for the years ended 31 March 2009 (pages 32 to 149), 2010 (pages 29 to 137) and 2011 (pages 52 to 191) respectively, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.xpressgroup.com). The auditors of the Company have issued unqualified opinions on the audited consolidated financial statements of the Group for each of the three years ended 31 March 2009, 2010 and 2011.

(B) WORKING CAPITAL

After taking into account the financial resources available to the Group, including the internally generated funds, net cash-inflows of approximately S\$26 million (approximately HK\$164.6 million) generated from DBSS Project for the twelve months ended 31 July 2012 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 June 2011, 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\$655.1 million, comprising mortgage loans of approximately HK\$310.6 million, bank borrowings of approximately HK\$238.6 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\$1,341.7 million.

On the other hand, bank deposits of approximately HK\$7.5 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 V 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 June 2011 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 June 2011.

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 June 2011.

(D) FINANCIAL AND TRADING PROSPECTS

The Group recorded a net profit attributable to owners of the Company of approximately HK\$45.4 million, compared to HK\$191.0 million for 2010. As at 31 March, 2011, the total equity of the Group was approximately HK\$902.4 million, representing an increase of 17% from approximately HK\$772.7 million for the previous year. The net asset value per share was HK\$0.342, an increase of 17% over 31 March, 2010 (HK\$0.293 per share).

During the year ended 31 March, 2011, SingXpress Land Ltd (formerly known as SingXpress Ltd), enhanced its capital base for its increasing business activities and raised approximately S\$15.8 million through a rights issue of convertible bonds in November 2010, fully supported by the Group. Following the conversion of S\$3 million convertible bonds by the Group, the Group increase its equity interest of SingXpress to approximately 63%. As a result, SingXpress has been reclassified from an associate to a subsidiary of the Company.

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

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

The second site in Balestier was purchased for S\$21 million in November 2010. Formerly known as Waldorf Mansions, the old tower block will be redeveloped in 2013 into a 20 floor new condominium block of 54 apartments for estimated completion by 2014.

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

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.

(E) MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis of the performance of the Group for the three years ended 31 March, 2011 based on the annual report of the Company for each of the three years ended 31 March, 2011.

(i) For the year ended 31 March, 2009

Financial Review

The Group recorded a turnover of approximately HK\$1,112.2 million (including continuing operations of HK\$93.4 million and discontinued operation of HK\$1,018.8 million) for the year ended 31 March, 2009, representing a decrease of approximately 22.3% as compared to the year ended 31 March, 2008. The decrease in turnover was mainly due to the discontinued operation of the travel business during the year. The loss attributable to shareholders for the year ended 31 March, 2009 was approximately HK\$111.6 million as compared to the net profit of HK\$12.2 million in 2008.

The basic loss per share for the year was HK6.12 cents when compared with the earnings per share of HK0.68 cents in last year.

(a) Travel Division – Discontinued

The travel division operated through a number of subsidiaries including Anglo-French Travel Pte Ltd ("Anglo-French"), Xpress Travel Limited ("Japan Travel") and Makino Air Travel Service Ltd. ("Makino"). During the year, the Group disposed its interests in Anglo-French and Makino and liquidating Japan Travel. These discontinued business contributed revenue of approximately HK\$1,018.8 million and net profit of approximately

HK\$14.8 million to the Group, being the operating loss of HK\$15.5 million and gain on disposal of HK\$30.3 million.

(b) Hotels and Hospitality Division

The hotels and hospitality division operates through a number of subsidiaries including:

- Sapporo Holdings Co. Ltd. (“Sapporo”)

Sapporo, a Japan company 100% acquired in July 2006, was established on 8 March, 2004 for the purpose of operating investments, inns and hotels. Its principal asset is a hotel known as Hamilton Hotel located in Chuo Ward, Sapporo City, Japan.

Hamilton Hotel is an eight-storey building erected over a one-level basement. It comprises a total of 103 guestrooms of various types including a Japanese room, a meeting room, a haircut salon, a Japanese restaurant and esthetic saloon. The total gross floor area of Hamilton Hotel is approximately 3,209 square meters.

- Hotel Plaza Miyazaki Co. Ltd. (“Hotel Plaza Miyazaki”)

Hotel Plaza Miyazaki is located at Southern part of Japan Kyushu Island, Miyazaki City is the second largest city on Kyushu Island. It is one of the well-known hotels situated at the center of city, 10 minutes from Miyazaki Station along Oyodogawa riverside. The hotel has 164 rooms provides full service including 15 different size banquet rooms, 4 meeting rooms, a river view sky restaurant/lounge, 2 Japanese restaurants, 1 karaoke room, 1 bar and 1 lobby lounge. In addition, the hotel has a natural hot spring spa facility with in and out door hot spring bath, sauna and massage service open to staying guest and day use visitor.

- Kabushiki Kaisha Aizuya (“Aizuya”)

Aizuya is a traditional Japanese hot spring inn located at Nasu, Tochigi prefecture, a famous mountain resort area which is approximately 2 hours drive from Tokyo downtown. It has a total of 22 rooms including 2 rooms with hot spring open bath.

It can accommodate over 60 guests at one time. Facilities include 2 large hot spring baths, 2 private hot spring open baths for staying guests exclusive use at charter base, 2 massage rooms serve female clients only, 1 restaurant serving dinner & breakfast and 1 souvenir shop including Aizuya private label item such as Sake, Soba (Japanese noodle) etc.

The turnover of the hotels and hospitality division in 2009 was HK\$61.5 million, representing an increase of 25.9% from last year. The segment loss was HK\$3.2 million, down 58% from last year.

(c) Financing and Credit Card Division

The credit card business of the Group was operated through Xpress Finance Limited (“Xpress Finance”). During the year, the Group closed its credit card division and focused on the corporate and consumer finance. This division contributed revenues of HK\$8.5 million and net loss of HK\$7.8 million to the Group.

(d) Securities Trading

Suffering from the continued de-leveraging of financial institutions and the United State recession, the global stock market has meltdown. Despite the Group had diversified its investment portfolios into different regions and financial instruments, the Group’s security investments got hammered and recorded a loss of HK\$28.1 million compared to a gain of HK\$24.4 million in 2008.

(e) Property Investments

During the year, the Group leased its office premise located in Singapore and reclassified it as investment property. In addition, the Group operated Aizuya hotel and such hotel property was reclassified from investment property to property, plant and equipment. This division contributed revenues of HK\$11.0 million and net loss of HK\$2.2 million to the Group, including a fair value loss of HK\$12.3 million compared to fair value gain of HK\$69.7 million in 2008.

(f) Other Investments

As at 31 March, 2009, the Group held approximately 32% of SingXpress Ltd (“SingXpress”), a Singapore listed associate of the Group. During the year, the Group share of loss of approximately HK\$10.4 million from SingXpress.

As at 31 March, 2009, the Group held approximately 30% in RSI International Systems Inc. (“RSI”), a Canada listed associate of the Group. During the year, the Group share a loss of approximately HK\$0.2 million from RSI and made an impairment loss of HK\$3.6 million for RSI.

As at 31 March, 2009, the Group held approximately 13% in Novena Holdings Limited (“Novena”), a Singapore based listed company known as a consumer lifestyle player in furniture and beauty products.

Liquidity and Capital Resources

During the period under review, the Company raised approximately HK\$1.2 million from the exercise of options and warrants resulting in the issue of approximately 18 million shares. As at 31 March, 2009, the Group had

bank balance and cash amounted to approximately HK\$56.8 million (31 March, 2008: HK\$223.3 million) mainly dominated in US dollars, Hong Kong dollars, Singapore dollars and Japanese Yen. The Group had borrowings of approximately HK\$74.1 million mainly dominated in Hong Kong dollars, Singapore dollars and Japanese Yen (31 March, 2008: HK\$171.5 million). As at 31 March, 2009, the Group's current ratio was 3.0 (31 March, 2008: 1.8) and had a gearing ratio of 3.0%, defined as the ratio of total borrowing less cash balances to total assets when compare with the net cash of approximately HK\$51.8 million in 2008.

Material Acquisitions and Disposals for Material Investments

- (a) During the year, the Group entered into a sale and purchase agreement for the disposal of the 56.46% equity interest in Makino Air Travel Service Co. Ltd., a travel service company operating in Japan, at a consideration of approximately JPY30 million.
- (b) During the year, the Group entered into a sale and purchase agreement for the disposal of the 60% equity interest in Anglo-French Travel Pte. Ltd., a travel service company operating in Singapore, at a consideration of S\$2.1 million.
- (c) During the year, the board of directors of Xpress Travel Ltd ("Japan Travel"), a Japan subsidiary of the Company resolved to file a petition for the liquidation of Japan Travel in Japan. After the filing of the petition, a liquidation trustee appointed by the court will properly deal with the rights and claims that creditors have against Japan Travel.

Capital Expenditure and Commitments

At the balance sheet date, the Group had authorized and contracted capital commitments of approximately HK\$54.9 million, which was related to capital expenditure for the acquisition of investment properties in Singapore.

Foreign Exchange Exposure

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

Credit Risk Management

The Group's credit policy defines the credit extension criteria, the credit approval and monitoring processes, and the loan provisioning policy. The Group maintains tight control on loan assessments and approvals and will continue to exercise a conservative and prudent policy in granting loans in order to maintain a quality loan portfolio and manage the credit risk exposure of the Group.

Human Resources

Remuneration packages are generally structured by reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Apart from salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus. At the balance sheet date, there were approximately 190 employees employed by the Group. Share options may also be granted to eligible employees and persons of the Group.

Pledge of Assets

At the balance sheet date, the Group had pledged bank balances of approximately HK\$4.0 million as a security for banking facilities granted to a subsidiary and as securities for the credit card business transactions with MasterCard International Inc. The Group's borrowings of HK\$74.1 million were mainly secured by the investment properties and land and buildings of the Group with an aggregate carrying value of HK\$230.6 million.

(ii) For the year ended 31 March, 2010*Financial Review*

The Group recorded a turnover of approximately HK\$77.0 million for the year ended 31 March, 2010, representing a decrease of approximately 17.5% as compared to the year ended 31 March, 2009. The decrease in turnover was mainly due to the decrease of the turnover of the hotels and hospitality division during the year and the closure of credit card division in last year. The profit attributable to owners of the Company for the year ended 31 March, 2010 was approximately HK\$191.0 million as compared to the loss of approximately HK\$111.6 million in 2009.

The basic earnings per share for the year was HK8.62 cents when compared to the loss per share of HK6.12 cents in last year.

(a) Hotels and Hospitality Division

The hotels and hospitality division operates through a number of subsidiaries including:

- Sapporo Holdings Co. Ltd. (“Sapporo”)

Sapporo, a Japan company 100% acquired in July 2006, was established on 8 March, 2004 for the purpose of operating investments, inns and hotels. Its principal asset is a hotel known as Hamilton Hotel located in Chuo Ward, Sapporo City, Japan. Hamilton Hotel is an eight-storey building erected over a one-level basement. It comprises a total of 103 guestrooms of various types including a Japanese room, a meeting room, a haircut salon, a Japanese restaurant and esthetic saloon. The total gross floor area of Hamilton Hotel is approximately 3,209 square meters.

- Hotel Plaza Miyazaki Co. Ltd. (“Hotel Plaza Miyazaki”)

Hotel Plaza Miyazaki is located at Southern part of Japan Kyushu Island, Miyazaki City is the second largest city on Kyushu Island. It is one of the well-known hotels situated at the center of city, 10 minutes from Miyazaki Station along Oyodogawa riverside. The hotel has 164 rooms provides full service including 15 different size banquet rooms, 4 meeting rooms, a river view sky restaurant/lounge, 2 Japanese restaurants, 1 karaoke room, 1 bar and 1 lobby lounge. In addition, the hotel has a natural hot spring spa facility with in and out door hot spring bath, sauna and massage service open to staying guest and day use visitor.

- Kabushiki Kaisha Aizuya (“Aizuya”)

Aizuya is a traditional Japanese hot spring inn located at Nasu, Tochigi prefecture, a famous mountain resort area which is approximately 2 hours drive from Tokyo downtown. It has a total of 22 rooms including 2 rooms with hot spring open bath. It can accommodate over 60 guests at one time. Facilities include 2 large hot spring baths, 2 private hot spring open baths for staying guests exclusive use at charter base, 2 massage rooms serve female clients only, 1 restaurant serving dinner & breakfast and 1 souvenir shop including Aizuya private label items such as Sake, Soba (Japanese noodles), etc.

The turnover of the hotels and hospitality division in 2010 was approximately HK\$45.0 million, representing a decrease of 31.0% from last year. The segment loss was approximately HK\$4.2 million, up 30.9% from last year.

(b) Financing and Credit Card Division

The Group closed its credit card division and focused on corporate and consumer finance in last year. However, as the corporate and consumer finance business in Hong Kong have been facing keen competition, the Group has reallocated its resources to property investment and securities investments. As a result, the turnover of the financing and credit card division in 2010 was approximately HK\$1.2 million, representing a decrease of 85.9% from last year. The segment loss was approximately HK\$2.7 million, down 64.8% from last year.

(c) Securities Trading

During the year, the stock market rallied substantially driven by the liquidity caused by economic stimulation policies implemented by various governments and low interest rates. Benefited from the strong recovery of the stock market, the Group's securities business contributed a profit of approximately HK\$35.8 million for 2010 compared to a loss of approximately HK\$28.1 million for 2009.

(d) Property Investments

For the same result as above, the property market rallied substantially during the year. This division contributed revenues of approximately HK\$15.0 million and net profit of approximately HK\$204.3 million to the Group, including a fair value gain of approximately HK\$190.1 million compared to fair value loss of approximately HK\$12.3 million in 2009.

(e) Other Investments

As at 31 March, 2010, the Group held approximately 33% of SingXpress Ltd ("SingXpress"), a Singapore listed associate of the Group. During the year, the Group share of loss of approximately HK\$2.1 million from SingXpress.

As at 31 March, 2010, the Group held approximately 30% in RSI International Systems Inc. ("RSI"), a Canada listed associate of the Group. During the year, the Group share a profit of approximately HK\$79,000 from RSI.

Liquidity and Capital Resources

During the period, 1,430,359 units of 2009 Warrants and 133,376,200 options were exercised and approximately HK\$19.2 million was raised. At the end of the reporting period, the Company had outstanding 172,000,000 unlisted warrants. Exercise in full of such warrants would result in the issue of 172,000,000 additional shares of HK\$0.01 each. The open offer announced by the Group on 9 April, 2009 gained support from the Group's controlling shareholder, Mr. Chan Heng Fai, who agreed to underwrite the whole open offer. The open offer was heavily oversubscribed and about HK\$18.4 million in equity was raised in May 2009.

As at 31 March, 2010, the equity attributable to owners of the Company was increased to approximately HK\$772.7 million (31 March, 2009: HK\$427.7 million).

As at 31 March, 2010, the Group had bank balance and cash amounted to approximately HK\$133.8 million (31 March, 2009: HK\$56.8 million) mainly dominated in US dollars, Hong Kong dollars, Singapore dollars and Japanese Yen. The Group had borrowings of approximately HK\$183.8 million mainly dominated in Hong Kong dollars, Singapore dollars and Japanese Yen (31 March, 2009: HK\$74.1 million). As at 31 March, 2010, the Group's current ratio was 1.4 (31 March, 2009: 3.0) and had a gearing ratio of 4% (31 March, 2009: 3%), defined as the ratio of total borrowing less cash balances to total assets.

Material Acquisitions and Disposals for Material Investments

- (a) During the year, the Group entered into sale and purchase agreements to acquire two properties situated at Wyndham Place, Hong Kong for the consideration of HK\$24 million and approximately HK\$32.0 million respectively.
- (b) During the year, the Group entered into sale and purchase agreements to acquire two properties situated in Singapore for an aggregate consideration of S\$2.65 million.
- (c) During the year, the Group disposed its entire interests in Novena Holdings Limited, a Singapore based listed company known as a consumer lifestyle player in furniture and beauty products.
- (d) During the year, the Group entered into a sale and purchase agreement for the purchase of the 100% equity interest in Expats Residences Pte Ltd, a property investment company incorporated in Singapore, and the shareholder loan at an aggregate consideration of HK\$40.7 million which was satisfied by the issuance of approximately 301.5 million shares of the Company.

- (e) During the year, the Group entered into a sale and purchase agreement to dispose a property situated in Canada for an aggregate consideration of CAD3 million. The transaction was completed in April 2010.

Capital Expenditure and Commitments

As at 31 March, 2010, the Group had made capital commitment of HK\$ nil (31 March, 2009: HK\$54.9 million) for acquisition of investment properties in Singapore contracted for but not provided in the financial statements. The Group did not make any capital commitment for acquisition of property, plant and equipment authorized but not contracted for as at 31 March, 2010.

Foreign Exchange Exposure

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

Credit Risk Management

The Group's credit policy defines the credit extension criteria, the credit approval and monitoring processes, and the loan provisioning policy. The Group maintains tight control on loan assessments and approvals and will continue to exercise a conservative and prudent policy in granting loans in order to maintain a quality loan portfolio and manage the credit risk exposure of the Group.

Human Resources

Remuneration packages are generally structured by reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Apart from salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus. At the end of the reporting period, there were approximately 122 employees employed by the Group. Share options may also be granted to eligible employees and persons of the Group.

Pledge of Assets

At the end of the reporting period, the Group's facilities of HK\$175.6 million were mainly secured by the investment properties, land and buildings and bank deposit of the Group with an aggregate carrying value of approximately HK\$800.8 million.

(iii) For the year ended 31 March, 2011*Financial Review*

The Group recorded a turnover of approximately HK\$75.3 million for the year ended 31 March, 2011, representing a decrease of approximately 2.2% as compared to the year ended 31 March, 2010. The decrease in turnover was mainly due to the net effect of the decrease of the turnover of the hotels and hospitality division and the increase in rental income during the year. The profit attributable to owners of the Company for the year ended 31 March, 2011 was approximately HK\$45.4 million as compared to HK\$191.0 million in 2010.

The basic earnings per share for the year was HK1.72 cents when compared with HK8.62 cents in the previous year.

(a) Hotels and Hospitality Division

The turnover of the hotels and hospitality division in 2011 was approximately HK\$40.4 million, representing a decrease of 10.2% from last year. The segment loss was approximately HK\$3.3 million, down 22.7% from last year.

(b) Securities Trading

Notwithstanding that the investment environment has begun to improve since 2009, the global financial markets remained volatile in 2010. The Group was able to capture the rebound of the market during the year even though there was a consolidation of the stock market towards the end of the year. The Group's securities business contributed a profit of approximately HK\$15.9 million for 2011 compared to HK\$35.8 million for 2010.

(c) Property Investments and Trading

The residential property market in Hong Kong and Singapore picked up steam in last year. This division contributed revenues of approximately HK\$25.0 million and net profit of approximately HK\$170.8 million to the Group, including a fair value gain on revaluation of investment properties of approximately HK\$146.7 million compared to HK\$190.1 million in 2010.

(d) Other Investments

During the year under review, the Group increased its equity interest in SingXpress Land Ltd (formerly known as SingXpress Ltd) ("SingXpress") from approximately 33% to 63%. SingXpress has been

reclassified from an associate to a subsidiary of the Group. During the year, the Group share of loss of approximately HK\$2.4 million from SingXpress before it was consolidated in the financial statements of the Group.

As at 31 March, 2011, the Group held approximately 30% in RSI International Systems Inc. ("RSI"), a Canada listed associate of the Group. During the year, the Group shared a loss of approximately HK\$0.1 million from RSI.

Liquidity and Capital Resources

At the end of the reporting period, the Company had outstanding 172,000,000 unlisted warrants. Exercise in full of such warrants would result in the issue of 172,000,000 additional shares of HK\$0.01 each.

As at 31 March, 2011, the total equity of the Group was increased to approximately HK\$902.4 million (31 March, 2010: HK\$772.7 million).

As at 31 March, 2011, the Group had bank balances and cash and pledged bank deposits amounted to approximately HK\$192.6 million (31 March, 2010: HK\$137.3 million) mainly dominated in US dollars, Hong Kong dollars, Singapore dollars and Japanese Yen. The Group had total borrowings (including bank overdraft, borrowings, liability components of convertible bonds and non-convertible bonds) of approximately HK\$736.5 million (31 March, 2010: HK\$183.8 million) mainly dominated in Hong Kong dollars, Singapore dollars and Japanese Yen. As at 31 March, 2011, the Group's current ratio was 1.5 (31 March, 2010: 1.2) and had a gearing ratio of 30.3% (31 March, 2010: 4.1%), defined as the ratio of total borrowings less bank balances and cash and pledged bank deposits to total assets.

Material Acquisitions and Disposals for Material Investments

- (a) During the year, the Group entered into a sale and purchase agreement to dispose a property situated in Canada for a consideration of C\$3 million.
- (b) During the year, the Group entered into sale and purchase agreements to acquire 8 properties situated in Singapore for an aggregate consideration of approximately S\$15.9 million.
- (c) During the year, the Group increased its equity interest in SingXpress Land Ltd (formerly known as SingXpress Ltd) ("SingXpress") from approximately 33% to 63% and SingXpress has been reclassified from an associate to a subsidiary of the Company.
- (d) During the year, the Group via a subsidiary of SingXpress, entered into sale and purchase agreements to acquire 6 properties situated in Singapore for an aggregate consideration of approximately S\$10.1 million.

- (e) During the year, the Group via subsidiaries of SingXpress, entered into sales and purchase agreements to acquire 41 properties and dispose 7 properties situated in Hong Kong. The Group retained 34 properties situated in Hong Kong as at 31 March, 2011, the consideration for that 34 properties are approximately HK\$55.8 million.

Capital Commitments

As at 31 March, 2011, the Group had made capital commitments of approximately HK\$116.6 million (31 March, 2010: Nil) for acquisition of properties under development for sale in Singapore contracted for but not provided in the financial statements. The Group did not make any capital commitment for acquisition of property, plant and equipment authorised but not contracted for as at 31 March, 2011.

Foreign Exchange Exposure

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

Human Resources

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

Pledge of Assets

At the end of the reporting period, the Group's borrowings of approximately HK\$544.0 million were mainly secured by the investment properties, land and buildings, prepaid lease payments, properties under development for sale, financial assets at fair value through profit or loss and bank deposits of the Group with an aggregate carrying value of approximately HK\$1,508.2 million.

The following is the text of a letter and valuation certificate, 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 15 April, 2011 of the property interests held by the Group.



Suite 1503, 15/F Top Glory Tower, 262 Gloucester Road,
Causeway Bay, Hong Kong.

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Date: 29 July, 2011

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”) and its subsidiaries (hereinafter together referred to as the “Group”) to value the property interests held by Ichi Ni San Enterprises Company Limited, a wholly-owned subsidiary of the Company, 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 interests as at 15 April, 2011 (the “date of valuation”).

The valuation is our opinion of market value 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 all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards 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 title documents relating to the property interests and have caused searches to be made at the Hong Kong Land Registry. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

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 not carried out detailed site measurements to verify the correctness of the land or building areas in respect of the property but have assumed that the areas provided to us are correct. Based on our experience of valuation of similar properties in Hong Kong, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. We have also assumed that there was not any material change of the property in between date of our inspection and the valuation date.

We have inspected the exterior and, where possible, the interior of the appraised property. However, we must point out that we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible, we are therefore unable to report and any such part of the property are free from rot, infestation or any other defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the property or on adjoining or neighbouring land or that the property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their value.

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 the 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 figures stated in this report are in Hong Kong Dollar (HK\$).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Avista Valuation Advisory Limited
Oswald W Y Au
MHKIS AAPI MSc(RE)
Registered Professional Surveyor
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 4 years' experience in the valuation of properties in the PRC and 7 years of property valuation experience in Hong Kong, the U.S., Canada, East and Southeast Asia including Singapore.

VALUATION CERTIFICATE

Property interests held for investment by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 15 April, 2011 HK\$
1.	5th Floor Island Place Tower Island Place No.510 King's Road North Point Hong Kong	The property comprises the whole floor on the 5th floor of a 26-storey office building completed in about 1997.	The property was leased to an independent 3rd party for commercial use purposes.	140,400,000
	512/62411nd shares of and in Inland Lot No.8849	The property has a gross floor area of approximately 20,090 sq.ft. (1,866.41 sq.m.). The property is held by the Government under Conditions of Exchange No.UB12353 for a lease term commencing from 22 June, 1995 to 30 June, 2047. The Government rent was up to 30 June, 1997 HK\$1,000 per annum, and thereafter an amount equal to 3% of the rateable value for the time being of the lot.		

Notes:

- The registered owner of the property is Ichi Ni San Enterprises Co. Limited, a wholly-owned subsidiary of the Company.
- Pursuant to the tenancy agreement, the property was leased to Consumer Search Hong Kong Limited for a term of 3 years from 1 August, 2009 to 31 July, 2012 (with another 3 years option to renew at then market rent) at a monthly rent of HK\$327,100 exclusive of Government rates, air conditioning charge and management fee and other outgoings.

The following is the text of a letter and valuation certificate, 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 May, 2011 of the property interest of the Group.



Suite 1503, 15/F Top Glory Tower, 262 Gloucester Road,
Causeway Bay, Hong Kong.

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Date: 29 July, 2011

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”) and its subsidiaries (hereinafter together referred to as the “Group”) to value the property interests of a parcel of land located in Singapore which has been awarded to SingXpress Land (Pasir Ris) Pte Ltd (“SXLPR”) and Kay Lim Holdings Pte Ltd (“Kay Lim”) (a joint-venture company in the equity proportion of 80% and 20% respectively to be established under the laws of Singapore (the “JV Company”)) by Singapore Government through a tender bid relating to the Singapore public housing sector of the Design, Build and Sell Scheme (the “DBSS” Project), 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 interests as at 31 May, 2011 (the “date of valuation”).

The valuation is our opinion of market value 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 all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards 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 title documents relating to the property interests and have caused searches to be made at the Singapore Land Authority. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

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 not carried out detailed site measurements to verify the correctness of the land area in respect of the property but have assumed that the area provided to us are correct. Based on our experience of valuation of similar properties in Singapore, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. We have also assumed that there was not any material change of the property in between date of our inspection and the valuation date.

We have inspected the appraised property. However, we must point out that we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the property or on adjoining or neighbouring land or that the property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their value.

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 the 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 figures stated in this report are in Singapore Dollar (S\$).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Avista Valuation Advisory Limited
Oswald W Y Au
MHKIS AAPI MSc(RE)
Registered Professional Surveyor
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 4 years' experience in the valuation of properties in the PRC and 7 years of property valuation experience in Hong Kong, the U.S., Canada, East and Southeast Asia including Singapore.

VALUATION CERTIFICATE

Property interests held for future development by the Group in Singapore

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 May, 2011 S\$
1. A parcel of land located at Pasir Ris Central Pasir Ris Drive 1 Singapore (Land Lot No. 2838T/MK29)	The property comprises a parcel of land with a total site area of approximately 16,388.2 sq.m. As advised by the Group that a proposed residential public housing development under the DBSS Project will be developed on the property with a maximum total gross floor area of approximately 40,970.56 sq.m. The property will be held under a lease term of 103 years which is subject to the terms and conditions to be set out by the Singapore Government.	As at the date of valuation, the property was a bare land.	No commercial value

Notes:

1. According to the information provided by the Group that on 31 May, 2011, SXLPR and Kay Lim have jointly participated in a tender relating to the DBSS Project and received the provisional tender results on the same date. The property has been awarded to SXLPR and Kay Lim on 3 June, 2011. The acquisition price (the "Price") for the property is S\$123,880,000. SXLPR and Kay Lim will participate in the joint acquisition and development of the DBSS Project through the JV Company.
2. Pursuant to the tender document prepared by the Singapore Housing & Development Board (the "Tender Document") that the permitted use of the property is for residential purposes for Public Housing Development in the Republic of Singapore under the Housing and Development Act (Cap 129) 2004 Edition and the rules and regulations thereunder, as outlined on the Certified Plan No. 84066.
3. Pursuant to the Tender Document, there are few main clauses under the terms and conditions of the DBSS Project:
 - i. The property shall be developed in accordance with the prevailing planning act;
 - ii. The DBSS Project completion period shall be within 48 months from the date of acceptance of tender;
 - iii. A permissible total gross floor area not exceeding 40,970.5 sq.m. but not less than 36,873.45 sq.m. (the "allowable GFA") shall be inclusive of 1. a child-care centre with a total gross floor area of 500 sq.m.; 2. all facilities ancillary to the development; and 3. a car park with 392 car park lots and 56 motorcycle lots; and
 - iv. Based on the site area of 16,388.2 sq.m., the permissible Gross Plot Ratio shall not exceed 2.5.

4. As at the date of valuation, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be S\$132,900,000 (80% interest attributable to the Group: S\$106,320,000), on condition that the property is assuming the relevant title certificates have been obtained by the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.
5. Pursuant to the payment terms of the Tender Document, the entire amount of the Price is required to be paid in accordance with the following schedule:
 - i. Tender Fee, being S\$6,800,000 paid at submission of the Tender;
 - ii. S\$24,170,002.25, being 25% of the Price (less Tender Fee) to be paid on or before 30 June, 2011; and
 - iii. S\$92,910,006.75, being 75% of the Price to be paid on or before 31 August, 2011.
6. Pursuant to the Master Plan 2008 published by Urban Redevelopment Authority of Singapore Government, the subject lot has been planned for residential uses only.



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Date: 29 July, 2011

The Board of Directors
Xpress Group Limited
24/F., Wyndham Place
40 – 44 Wyndham Street
Central
Hong Kong

Dear Sirs,

In accordance with your instructions to value various properties held by Xpress Group Limited (the “Company”) and its subsidiaries (hereinafter referred to as the “Group”) (“the Property” as hereinafter defined) located in Hong Kong, Japan, Singapore, Canada and the U.S. for the purpose of accounting reference in accordance with relevant financial reporting standards, 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 values of the properties as at 31 May, 2011 (the “Date of Valuation”).

Our valuation of the property interests represents the market value which we would define as intended to mean “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 seller sells the property interests on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

For the purpose of this valuation, we have assumed that the Company has obtained proper title certificates to the Property which can be freely transferred in the market in their existing state with no outstanding payable fees or monies.

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.

If applicable, due to the specific situation, the property elements have been valued based upon the special assumptions as set out in the appendices.

We have valued the property interests in Group I, IV and V 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 valued the property interests in Group II and III by income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure and all other relevant matters. Dimensions and measurements are based on the copies of documents collected from the Company and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material factors have been omitted from the information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have been provided with copies of various title documents and tenancy agreements relating to property interests and have caused searches to be made at the local Land Registry in relation to the property interests located in different countries. However, we have not examined the original documents and assumed that the copies of the documents obtained are consistent with their originals.

We have not carried out detailed measurements to verify the correctness of the area in respect of the properties but have assumed that the areas shown on the documents and official site plans handed to us are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

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.

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollars (HK\$) or respective foreign currencies.

In accordance with our standard practice, we must state that this report is for the use only 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.

The summary of values is stated as below and the valuation certificates are hereby enclosed for your attention.

Yours faithfully,
For and on behalf of
Avista Valuation Advisory Limited
Oswald W Y Au
MHKIS AAPI MSc(RE)
Registered Professional Surveyor
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 4 years' experience in the valuation of properties in the PRC and 7 years of property valuation experience in Hong Kong, the U.S., Canada, East and Southeast Asia including Singapore.

SUMMARY OF VALUES

Group I – Property interests held and occupied by the Group in Hong Kong

No.	Property	Market value in existing state as at 31 May, 2011	Interest attributable to the Group	Market value attributable to the Group as at 31 May, 2011
1.	24th Floor Wyndham Place No.44 Wyndham Street Central Hong Kong	HK\$42,350,000	100%	HK\$42,350,000
2.	Carpark No.C12 on 3rd Carparking Floor Wyndham Place No.44 Wyndham Street Central Hong Kong	HK\$1,200,000	100%	HK\$1,200,000
Total (HK\$):		<u>HK\$43,550,000</u>		<u>HK\$43,550,000</u>

Group II – Property interests held for investment by the Group in Hong Kong

No.	Property	Market value in existing state as at 31 May, 2011	Interest attributable to the Group	Market value attributable to the Group as at 31 May, 2011
3.	Flat No.8, 33rd Floor Block G Phase 1 Amoy Gardens No. 77 Ngau Tau Kok Road Kowloon Bay Kowloon Hong Kong	HK\$2,590,000	100%	HK\$2,590,000
4.	Flat No.8, 17th Floor Block O Phase 3 Amoy Gardens No. 77 Ngau Tau Kok Road Kowloon Bay Kowloon Hong Kong	HK\$1,970,000	100%	HK\$1,970,000
5.	4 Nos. of Residential Units Amoy Gardens No. 77 Ngau Tau Kok Road Kowloon Bay Kowloon Hong Kong	HK\$9,620,000	100%	HK\$9,620,000
6.	Flat A, 3rd Floor Block 6 Phase 1 Parkland Villas No. 1 Tuen On Lane Tuen Mun New Territories Hong Kong	HK\$1,700,000	100%	HK\$1,700,000
7.	7 Nos. of Residential Units Parkland Villas No. 1 Tuen On Lane Tuen Mun New Territories Hong Kong	HK\$12,680,000	100%	HK\$12,680,000

No.	Property	Market value in existing state as at 31 May, 2011	Interest attributable to the Group	Market value attributable to the Group as at 31 May, 2011
8.	6 Nos. of Residential Units Beneville No. 18 Tuen Kwai Road Tuen Mun New Territories Hong Kong	HK\$12,150,000	100%	HK\$12,150,000
9.	2 Nos. of Residential Units Affluence Garden (PSPS 10B) No. 33 Tsing Chung Koon Road Tuen Mun New Territories Hong Kong	HK\$2,830,000	100%	HK\$2,830,000
10.	11 Nos. of Residential Units Tsuen Wan Centre Nos. 88-105 Tsuen King Circuit Tsuen Wan New Territories Hong Kong	HK\$18,200,000	100%	HK\$18,200,000
11.	Flat E on 15th Floor Block A Tsuen Tak Gardnes No. 208 Tsuen King Circuit Tsuen Wan New Territories Hong Kong	HK\$1,640,000	100%	HK\$1,640,000
12.	Flat G8 on 29th Floor Block G Tak Bo Garden No. 3 Ngau Tau Kok Road Kowloon Bay Kowloon Hong Kong	HK\$1,700,000	100%	HK\$1,700,000

No.	Property	Market value in existing state as at 31 May, 2011	Interest attributable to the Group	Market value attributable to the Group as at 31 May, 2011
13.	Flat H on 18th Floor Block B Shaukiwan Centre No. 7 Factory Street Shau Kei Wan Hong Kong	HK\$2,310,000	100%	HK\$2,310,000
14.	Flat C on 10th Floor with Balcony and Utility Platform The Platinum No. 76A Fa Yuen Street Mongkok Kowloon Hong Kong	HK\$1,990,000	100%	HK\$1,990,000
15.	30th Floor and Carpark No.C8 on 2nd Carparking Floor Wyndham Place No.44 Wyndham Street Central Hong Kong	HK\$43,850,000	100%	HK\$43,850,000
16.	Car Parking Space Nos. 22, 23 and 24 on Lower Ground Floor Inverness Villa No.22 Inverness Road Kowloon Hong Kong	HK\$1,050,000	100%	HK\$1,050,000
Total (HK\$):		HK\$114,280,000		HK\$114,280,000

Group III – Property interests held for investment by the Group in overseas countries

No.	Property	Market value in existing state as at 31 May, 2011	Interest attributable to the Group	Market value attributable to the Group as at 31 May, 2011
	Canada			
17.	Townhouse Unit on Strata Lot 7 1281 Alberni Street District Lot 185 District Strata Plan LMS3094 City of Vancouver Canada	CAD\$1,100,000	100%	CAD\$1,100,000
	Total (CAD\$):	CAD\$1,100,000		CAD\$1,100,000
	The U.S.			
18.	Parcels of Land located in (10276 Arlington Avenue) Desert Hot Springs, County of Riverside State of California 92503 The U.S.	US\$1,300,000	100%	US\$1,300,000
	Total (US\$):	US\$1,300,000		US\$1,300,000
	Japan			
19.	Hotel Hamilton 1-238 Nishi 15-chome, Minami 1-jyo Chuo-ku Sapporo-shi Hokkaido Japan	¥608,000,000	100%	¥608,000,000
	Total (JPY¥):	¥608,000,000		¥608,000,000

No.	Property	Market value in existing state as at 31 May, 2011	Interest attributable to the Group	Market value attributable to the Group as at 31 May, 2011
	Singapore			
20.	No.237 Arcadia Road #05-01 The Arcadia Singapore 289844	S\$4,370,000	100%	S\$4,370,000
21.	No.239 Arcadia Road #03-04 The Arcadia Singapore 289845	S\$7,840,000	100%	S\$7,840,000
22.	Shophouse No.35 North Canal Road Singapore 059291	S\$3,910,000	100%	S\$3,910,000
23.	No.200 Jalan Sultan #08-11 Textile Centre Singapore 199018	S\$30,560,000	100%	S\$30,560,000
24.	Shop on 1st Floor and 27 Nos. of Home Office Units No.883 North Bridge Road Southbank Singapore 198785	S\$55,386,000	100%	S\$55,386,000
25.	8 Nos. of Residential Units Dakota Residences 34-42 Dakota Crescent Singapore 399939	S\$19,313,000	100%	S\$19,313,000
26.	No.883 North Bridge Road 5 Nos. of Home Office Units Southbank Singapore 198785	S\$11,232,000	100%	S\$11,232,000
27.	No. 8 Eu Tong Sen Street #23-81 The Centre Singapore 059818	S\$2,310,000	100%	S\$2,310,000
	Total (S\$):	S\$134,921,000		S\$134,921,000

Group IV – Property interests held for future development by the Group in Singapore

No.	Property	Market value in existing state as at 31 May, 2011	Interest attributable to the Group	Market value attributable to the Group as at 31 May, 2011
28.	Foh Pin Mansion No.1 Charlton Road Singapore 539548	S\$23,000,000	80%	S\$18,400,000
29.	16 Apartment Units Waldorf Mansion No.235 Balesiter Road Singapore 329699	No Commercial Value	100%	No Commercial Value
Total (S\$):		S\$23,000,000		S\$18,400,000

Group V – Property interests held for owner occupied by the Group in Japan

No.	Property	Market value in existing state as at 31 May, 2011	Interest attributable to the Group	Market value attributable to the Group as at 31 May, 2011
30.	Aizuya Hotel 733 Shiobara Nasu-Shiobara City Tochigi 329-2921 Japan	¥225,000,000	100%	¥225,000,000
31.	Miyazaki Hotel 1-1 Kawahara-cho Miyazaki City Miyazaki 880-0866 Japan	¥1,261,400,000	100%	¥1,261,400,000
Total (JPY¥):		¥1,486,400,000		¥1,486,400,000

VALUATION CERTIFICATE

Group I – Property interests held and occupied by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
1.	24th Floor Wyndham Place No.44 Wyndham Street Central Hong Kong	<p>The property comprises the whole floor on the 24th floor of a 31-storey office building completed in about 1992.</p> <p>The property has a gross floor area of approximately 3,480 sq.ft. (323.30 sq.m.).</p> <p>The property is held by the Government under Government Lease for a lease term of 999 years commencing from 22 January, 1844.</p>	The property was currently occupied by the Group for commercial use purpose.	42,350,000

Note: The registered owner of the property is Heng Fung Capital Company Limited, a wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
2.	Carpark No.C12 on 3rd Carparking Floor Wyndham Place No.44 Wyndham Street Central Hong Kong	The property comprises a carpark space no.C12 on 3rd carparking floor of a 31-storey office building completed in about 1992. The property is held by the Government under Government Lease for a lease term of 999 years commencing from 22 January, 1844.	The property was currently occupied by the Group for carpark use purpose.	1,200,000

Note: The registered owner of the property is Heng Fung Capital Company Limited, a wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Group II – Property interests held for investment by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
3.	Flat No.8 33rd Floor Block G Phase 1 Amoy Gardens No. 77 Ngau Tau Kok Road Kowloon Bay Kowloon Hong Kong	<p>The property comprises one of the eight residential units on the 33rd floor of the residential building completed in about 1981.</p> <p>The property has a gross floor area of approximately 482 sq.ft. (44.78 sq.m.).</p> <p>The property is held by the Government under Conditions of Exchange No.10159 for a lease term of 99 years commencing from 1 July, 1898 and thereafter statutorily extended until 30 June, 2047 without premium but subject to a payment of Government Rent which equals to 3% of the rateable value for the time being of the property per annum.</p>	The property was leased to an independent 3rd party for residential use purposes.	2,590,000

Notes:

1. The registered owner of the property is Rasa Sayang Limited, a wholly-owned subsidiary of the Company.
2. Pursuant to the tenancy agreement, the property was leased to an independent 3rd party for a term of 2 years from 28 January, 2011 to 27 January, 2013 at a monthly rent of HK\$8,000 inclusive of Government rates and management fee.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
4.	Flat No.8 17th Floor Block O Phase 3 Amoy Gardens No. 77 Ngau Tau Kok Road Kowloon Bay Kowloon Hong Kong	<p>The property comprises one of the eight residential units on the 17th floor of the residential building completed in about 1985.</p> <p>The property has a gross floor area of approximately 371 sq.ft. (34.47 sq.m.).</p> <p>The property is held by the Government under various type of Leases which were due to expired and thereafter statutorily extended until 30 June, 2047 without premium but subject to a payment of Government Rent which equals to 3% of the rateable value for the time being of the property per annum.</p>	The property was leased to an independent 3rd party for residential use purposes.	1,970,000

Notes:

1. The registered owner of the property is Rasa Sayang Limited, a wholly-owned subsidiary of the Company.
2. Pursuant to the tenancy agreement, the property was leased to an independent 3rd party for a term of 2 years from 15 March, 2011 to 14 March, 2013 at a monthly rent of HK\$6,800 inclusive of Government rates and management fee.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
5.	4 Nos. of Residential Units Amoy Gardens No. 77 Ngau Tau Kok Road Kowloon Bay Kowloon Hong Kong	<p>The property comprises 4 residential units on various floor levels and blocks of Amoy Gardens completed in between the period of 1981 to 1985.</p> <p>The property has a gross floor area of approximately 1,821 sq.ft. (169.18 sq.m.).</p> <p>The property is held by the Government under different type of leases for different terms and conditions and thereafter statutorily extended until 30 June, 2047 without premium but subject to a payment of Government Rent which equals to 3% of the rateable value for the time being of the property per annum.</p>	The property was leased to different independent 3rd parties for residential use purposes.	9,620,000

Note: The registered owner of the property is Sansui Resorts Limited, a wholly-owned subsidiary of the Company. The details of each unit and tenancy statuses are set out as follows:

Unit Nos./Floor Level/ Block/Phase	GFA (SQ FT)	Occupancy Status	Rental per month HK\$	Inclusive of Out-Going Charges (Manag't Fee and/or Gov't Rates)	Commencement	
					Date	End Date
No. 4, 31st Floor of Block H, Phase 2A	484	Tenanted	8,300	Both	1/1/2010	31/12/2011
No. 3, 34th Floor of Block I, Phase 2A	484	Tenanted	8,300	Both	1/12/2010	30/11/2012
No. 3, 28th Floor of Block D, Phase 1	482	Tenanted	7,800	Both	2/9/2010	1/9/2012
No. 7, 6th Floor of Block L, Phase 3	371	Vacant	-	-	-	-

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
6.	Flat A 3rd Floor Block 6 Phase 1 Parkland Villas No. 1 Tuen On Lane Tuen Mun New Territories Hong Kong	<p>The property comprises one of the eight residential units on the 3rd floor of the residential building completed in about 2000.</p> <p>The property has a gross floor area of approximately 548 sq.ft. (50.91 sq.m.).</p> <p>The property is held by the Government under New Grant No. 3121 commencing from 6 September, 1994 to 30 June, 2047.</p>	The property was leased to an independent 3rd party for residential use purposes.	1,700,000

Notes:

1. The registered owner of the property is Rasa Sayang Limited, a wholly-owned subsidiary of the Company.
2. Pursuant to the tenancy agreement, the property was leased to an independent 3rd party for a term of 2 years from 27 November, 2010 to 26 November, 2012 at a monthly rent of HK\$6,500 exclusive of Government rates and management fee.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
7.	7 Nos. of Residential Units Parkland Villas No. 1 Tuen On Lane Tuen Mun New Territories Hong Kong	<p>The property comprises 7 residential units on various floor levels and blocks of Parkland Villas completed in about 2000.</p> <p>The property has a gross floor area of approximately 3,881 sq.ft. (360.55 sq.m.).</p> <p>The property is held by the Government under New Grant No. 3121 commencing from 6 September, 1994 to 30 June, 2047.</p>	The property was leased to different independent 3rd parties for residential use purposes.	12,680,000

Note: The registered owners of the property are Sansui Resorts Limited and Singxpress Properties Limited, both of the companies are a wholly-owned subsidiary of the Company. The details of each unit and tenancy statuses are set out as follows:

Unit/Floor Level/ Block/Phase	GFA (SQ FT)	Occupancy Status	Rental per month HK\$	Inclusive of Out-Going Charges (Manag't Fee and/or Gov't Rates)	Commencement		Registered Owner
					Date	End Date	
A, 16th Floor of Block 9, Phase 2	564	Tenanted	6,000	Both	1/6/2010	31/5/2012	Sansui Resorts Limited
A, 23rd Floor of Block 1, Phase 1	548	Tenanted	6,000	Both	17/7/2010	16/7/2012	Sansui Resorts Limited
B, 9th Floor of Block 8, Phase 2	555	Tenanted	6,000	Both	1/12/2010	30/11/2012	Sansui Resorts Limited
H, 13th Floor of Block 4, Phase 1	536	Tenanted	6,700	Both	1/9/2010	31/8/2012	Sansui Resorts Limited
H, 15th Floor of Block 1, Phase 1	548	Tenanted	6,300	Exclusive	21/2/2011	20/2/2013	Sansui Resorts Limited
A, 2nd Floor of Block 8, Phase 2	566	Tenanted	6,500	Both	10/10/2010	9/10/2012	Singxpress Properties Limited
H, 15th Floor of Block 9, Phase 2	564	Tenanted	5,800	Exclusive	8/7/2010	7/7/2012	Singxpress Properties Limited

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
8.	6 Nos. of Residential Units Beneville No. 18 Tuen Kwai Road Tuen Mun New Territories Hong Kong	The property comprises 6 residential units on various floor levels and blocks of Beneville completed in about 2004. The property has a gross floor area of approximately 3,460 sq.ft. (321.44 sq.m.). The property is held by the Government under New Grant No. 3433 for a term of 50 years commencing from 1 March, 2002.	The property was leased to an independent 3rd party for residential use purposes.	12,150,000

Note: The registered owner of the property is Sansui Resorts Limited, a wholly-owned subsidiary of the Company. The details of each unit and tenancy statuses are set out as follows:

Unit/Floor Level/ Block	GFA (SQ FT)	Occupancy Status	Rental per month HK\$	Inclusive of Out-Going Charges (Manag't Fee and/or Gov't Rates)	Commencement Date	End Date	Registered Owner
H, 15th Floor of Block 5	578	Tenanted	7,000	Both	8/10/2010	7/10/2012	Sansui Resorts Limited
E, 18th Floor of Block 5	578	Tenanted	7,000	Both	23/1/2010	22/1/2012	Sansui Resorts Limited
H, 25th Floor of Block 5	578	Tenanted	7,000	Both	8/6/2010	7/6/2012	Sansui Resorts Limited
A, 15th Floor of Block 1	577	Tenanted	7,200	Both	15/1/2011	14/1/2013	Sansui Resorts Limited
C, 6th Floor of Block 3	571	Tenanted	7,000	Both	21/7/2010	20/7/2012	Sansui Resorts Limited
E, 23rd Floor of Block 3	578	Vacant	-	-	-	-	Sansui Resorts Limited

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
9.	2 Nos. of Residential Units Affluence Garden (PSPS 10B) No. 33 Tsing Chung Koon Road Tuen Mun New Territories Hong Kong	<p>The property comprises 2 residential units on various floor levels and blocks of Affluence Garden completed in about 1989.</p> <p>The property has a gross floor area of approximately 1,015 sq.ft. (94.30 sq.m.).</p> <p>The property is held by the Government under New Grant No. 2776 commencing from 9 February, 1987 to 30 June, 2047.</p>	The property was leased to an independent 3rd party for commercial use purpose.	2,830,000

Note: The registered owners of the property are Sansui Resorts Limited and Singxpress Properties Limited, both of the companies are a wholly-owned subsidiary of the Company. The details of each unit and tenancy statuses are set out as follows:

Unit/Floor Level/ Block/Phase	GFA (SQ FT)	Occupancy Status	Rental per month HK\$	Inclusive of Out-Going Charges (Manag't Fee and/or Gov't Rates)	Commencement Date	End Date	Registered Owner
J, 35th Floor of Block 4 (Pacific House)	482	Tenanted	4,800	Both	8/12/2009	7/12/2011	Sansui Resorts Limited
A, 4th Floor of Block 1 (Prosperland House)	533	Tenanted	5,200	Exclusive	15/3/2010	14/3/2012	Singxpress Properties Limited

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
10.	11 Nos. of Residential Units Tsuen Wan Centre Nos. 88 – 105 Tsuen King Circuit Tsuen Wan New Territories Hong Kong	<p>The property comprises 11 residential units on various floor levels and blocks of Tsuen Wan Centre completed in between the period of 1980 to 1981.</p> <p>The property has a gross floor area of approximately 4,810 sq.ft. (446.86 sq.m.).</p> <p>The property is held by the Government under New Grant No. 5026 for a lease term of 99 years commencing from 1 July, 1898 and thereafter statutorily extended until 30 June, 2047 without premium but subject to a payment of Government Rent which equals to 3% of the rateable value for the time being of the property per annum.</p>	The property was leased to different independent 3rd parties for residential use purposes.	18,200,000

Note: The registered owner of the property is Sansui Resorts Limited, a wholly-owned subsidiary of the Company. The details of each unit and tenancy statuses are set out as follows:

Unit/Floor Level/ Block/Phase	GFA (SQ FT)	Occupancy Status	Rental per month HK\$	Inclusive of Out-Going Charges (Manag't Fee and/or Gov't Rates)	Commencement Date	End Date
G, 22nd Floor of Block 3 (Hangchow House)	486	Tenanted	7,000	Both	24/9/2010	23/9/2012
D, 15th Floor of Block 4 (Soochow House)	413	Tenanted	5,800	Both	1/9/2010	31/8/2012
F, 6th Floor of Block 18 (Tsinan House)	404	Tenanted	5,800	Both	7/11/2010	6/11/2012
B, 24th Floor of Block 17 (Taiyuan House)	490	Tenanted	7,500	Both	3/8/2010	2/8/2012
C, 7th Floor of Block 17 (Taiyuan House)	404	Tenanted	6,000	Both	1/11/2010	31/10/2011
A, 29th Floor of Block 12 (Hangyang House)	464	Tenanted	6,300	Both	18/11/2010	17/11/2012

Unit/Floor Level/ Block/Phase	GFA (SQ FT)	Occupancy Status	Rental per month HK\$	Inclusive of Out-Going Charges (Manag't Fee and/or Gov't Rates)	Commencement Date	End Date
H, 21st Floor of Block 6 (Chungking House)	413	Tenanted	6,300	Both	24/7/2010	23/7/2012
A, 27th Floor of Block 3 (Hangchow House)	413	Tenanted	6,000	Both	25/11/2010	24/11/2012
H, 17th Floor of Block 3 (Hangchow House)	413	Tenanted	7,100	Both	8/12/2010	7/12/2012
G, 14th Floor of Block 18 (Tsinan House)	490	Tenanted	6,000	Both	1/12/2010	30/11/2012
D, 33rd Floor of Block 14 (Chengtu House)	420	Tenanted	6,800	Both	30/10/2010	29/10/2012

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
11.	Flat E on 15th Floor Block A Tsuen Tak Gardnes No. 208 Tsuen King Circuit Tsuen Wan New Territories Hong Kong	<p>The property comprises one of the eight residential units on the 15th floor of a 31-storey residential building completed in about 1986.</p> <p>The property has a gross floor area of approximately 427 sq.ft. (39.67 sq.m.).</p> <p>The property is held by the Government under New Grant No. 6276 for a lease term of 99 years commencing from 1 July, 1898 and thereafter statutorily extended until 30 June, 2047 without premium but subject to a payment of Government Rent which equals to 3% of the rateable value for the time being of the property per annum.</p>	The property was leased to an independent 3rd party for residential use purposes.	1,640,000

Notes:

1. The registered owner of the property is Sansui Resorts Limited, a wholly-owned subsidiary of the Company.
2. Pursuant to the tenancy agreement, the property was leased to an independent 3rd party for a term of 2 years from 10 August, 2010 to 9 January, 2013 at a monthly rent of HK\$6,600 inclusive of Government rates and management fee.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
12.	Flat G8 on 29th Floor Block G Tak Bo Garden No. 3 Ngau Tau Kok Road Kowloon Bay Kowloon Hong Kong	<p>The property comprises one of the eight residential units on the 29th floor of a 35-storey residential building completed in about 1984.</p> <p>The property has a gross floor area of approximately 343 sq.ft. (31.87 sq.m.).</p> <p>The property is held by the Government under Government Lease and Condition of Sale Nos. 3930 and 3948 for a lease term of 75 years renewed for a further term of 24 years commencing from 1 July, 1898 and thereafter statutorily extended until 30 June, 2047 without premium but subject to a payment of Government Rent which equals to 3% of the rateable value for the time being of the property per annum.</p>	The property was leased to an independent 3rd party for residential use purposes.	1,700,000

Notes:

1. The registered owner of the property is Sansui Resorts Limited, a wholly-owned subsidiary of the Company.
2. Pursuant to the tenancy agreement, the property was leased to an independent 3rd party for a term of 2 years from 15 November, 2010 to 14 November, 2012 at a monthly rent of HK\$6,200 inclusive of Government rates and management fee.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
13.	Flat H on 18th Floor Block B Shaukiwan Centre No. 7 Factory Street Shau Kei Wan Hong Kong	<p data-bbox="568 402 826 572">The property comprises one of the eight residential units on the 18th floor of a 22-storey residential building completed in about 1982.</p> <p data-bbox="568 608 826 719">The property has a gross floor area of approximately 378 sq.ft. (35.12 sq.m.).</p> <p data-bbox="568 755 826 927">The property is held by the Government under Government Lease for a lease term of 999 years commencing from 3 January, 1860.</p>	The property was leased to an independent 3rd party for residential use purposes.	2,310,000

Notes:

1. The registered owner of the property is Sansui Resorts Limited, a wholly-owned subsidiary of the Company.
2. Pursuant to the tenancy agreement, the property was leased to an independent 3rd party for a term of 2 years from 10 August, 2010 to 9 August, 2012 at a monthly rent of HK\$7,800 inclusive of management fee.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
14.	Flat C on 10th Floor with Balcony and Utility Platform The Platinum No. 76A Fa Yuen Street Mongkok Kowloon Hong Kong	<p>The property comprises one of the four residential units on the 20th floor of a 18-storey residential building completed in about 2004.</p> <p>The property has a gross floor area of approximately 347 sq.ft. (32.24 sq.m.).</p> <p>The property is held by the Government under Government Lease for a lease term of 75 years renewed for a further term of 75 years commencing from 24 March, 1923.</p>	The property was leased to an independent 3rd party for residential use purposes.	1,990,000

Notes:

1. The registered owner of the property is Singxpress Properties Limited, a wholly-owned subsidiary of the Company.
2. Pursuant to the tenancy agreement, the property was leased to an independent 3rd party for a term of 2 years from 1 November, 2010 to 31 October, 2012 at a monthly rent of HK\$7,200.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
15.	30th Floor and Carpark No. C8 on 2nd Carparking Floor Wyndham Place No. 44 Wyndham Street Central Hong Kong	<p>The property comprises the whole floor on the 30th floor and a carpark space no. C8 on 2nd carparking floor of a 31-storey office building completed in about 1992.</p> <p>The property has a gross floor area of approximately 3,480 sq.ft. (323.30 sq.m.).</p> <p>The property is held by the Government under Government Lease for a lease term of 999 years commencing from 22 January, 1844.</p>	The property was leased to an independent 3rd party for commercial use purpose.	43,850,000

Notes:

1. The registered owner of the property is Heng Fung Capital Company Limited, a wholly-owned subsidiary of the Company.
2. Pursuant to the tenancy agreement, the property was leased to Legacy Advisors Limited, an independent 3rd party for a term of 1 year from 29 March, 2011 to 28 March, 2013 at a monthly rent of HK\$97,440 exclusive of Government rates, air conditioning charge and management fee and other outgoings.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 HK\$
16.	Car Parking Space Nos. 22, 23 and 24 on Lower Ground Floor Inverness Villa No. 22 Inverness Road Kowloon Hong Kong	The property comprises 3 car parking spaces on the lower ground floor of a 2 blocks, 6-storey residential buildings completed in about 1977. The property is held by the Government under Conditions of Exchange No. 10808 for a lease term of 24 years commencing from 1 July, 1973 and thereafter statutorily extended until 30 June, 2047 without premium but subject to a payment of Government Rent which equals to 3% of the rateable value for the time being of the property per annum.	The property was leased to 3 separate tenants for carpark use purpose.	1,050,000

Notes:

1. The registered owner of the property is Keng Fong Sin Kee Construction and Investment Company Limited. As informed by the Group that Keng Fong Sin Kee Construction and Investment Company Limited was one of the former names of the Company.

2. The terms of conditions for 3 tenancy agreements of the property are as follows:

Car parking space No. 22 – was leased to an independent 3rd party for a term of 2 years from 1 September, 2009 to 31 August, 2011 at a monthly rent of HK\$1,000 exclusive of management charges and Government rent and rates.

Car parking space No. 23 – was leased to an independent 3rd party for a term of monthly basis at a monthly rent of HK\$1,300 exclusive of management charges and Government rent and rates.

Car parking space No. 24 – was leased to an independent 3rd party for a term of monthly basis at a monthly rent of HK\$1,400 exclusive of management charges and Government rent and rates.

VALUATION CERTIFICATE

Group III – Property interests held for investment by the Group in overseas countries

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 CAD\$
17.	Townhouse Unit on Strata Lot 7 1281 Alberni Street District Lot 185 District Plan LMS3094 City of Vancouver Canada	The property comprises a split level townhouse unit of two high-rise apartment towers and various townhouse units which were completed in about 1999. The property has a lettable area of approximately 1,572 sq.ft. (146.04 sq.m.). The land lot of properties currently held under a free hold interest.	The property was currently in vacant possession.	1,100,000

Note: The registered owner of the property is Heng Fung Capital (Canada) Inc., Inc. No. 434612, a wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 US\$
18.	Parcels of Land located in (10276 Arlington Avenue) Desert Hot Springs County of Riverside State of California 92503 The U.S.	The property comprises 7 parcels of land with a site area of approximately 67.5 acres (273,200 sq.m.) which has been zoned for single family residential uses.	The property was currently in vacant possession.	1,300,000

Note: The registered owner of the property is Keng Fong Foreign Investment Company Limited, an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 JPY¥																						
19.	Hotel Hamilton 1-238 Nishi 15-chome Minami 1-jyo Chuo-ku Sapporo-shi Hokkaido Japan	<p>The property comprises a whole of 8-storey (plus 1 basement storey) with a total numbers of 105 guest room hotel building which was completed in about 1985.</p> <p>The property has a total lettable area of approximately 3,209.13 sq.m.</p> <p>The details are set out as follows:</p> <table border="1"> <thead> <tr> <th>Floor Level</th> <th>Area (sq.m.)</th> </tr> </thead> <tbody> <tr><td>1st Floor</td><td>390.10</td></tr> <tr><td>2nd Floor</td><td>420.95</td></tr> <tr><td>3rd Floor</td><td>386.48</td></tr> <tr><td>4th Floor</td><td>386.48</td></tr> <tr><td>5th Floor</td><td>386.48</td></tr> <tr><td>6th Floor</td><td>386.48</td></tr> <tr><td>7th Floor</td><td>386.48</td></tr> <tr><td>8th Floor</td><td>386.48</td></tr> <tr><td>Basement Floor</td><td>79.20</td></tr> <tr><td>Total Area</td><td><u>3,209.13</u></td></tr> </tbody> </table>	Floor Level	Area (sq.m.)	1st Floor	390.10	2nd Floor	420.95	3rd Floor	386.48	4th Floor	386.48	5th Floor	386.48	6th Floor	386.48	7th Floor	386.48	8th Floor	386.48	Basement Floor	79.20	Total Area	<u>3,209.13</u>	The property was operated as a hotel by the operator 株式会社アセント (Ascent Co., Ltd.) under an operation and management agreement for hotel purpose.	608,000,000
Floor Level	Area (sq.m.)																									
1st Floor	390.10																									
2nd Floor	420.95																									
3rd Floor	386.48																									
4th Floor	386.48																									
5th Floor	386.48																									
6th Floor	386.48																									
7th Floor	386.48																									
8th Floor	386.48																									
Basement Floor	79.20																									
Total Area	<u>3,209.13</u>																									
		The land lot of properties currently held under a free hold interest.																								

Notes:

- The registered owner of the property is 有限会社札幌ホールディングス(Sapporo Holdings Co., Ltd.), an indirect wholly-owned subsidiary of the Company.
- Pursuant to the operation and management agreement, the property was assigned to 株式会社アセント (Ascent Co., Ltd.) for a term of 5 years from 1 March, 2007 to 29 February, 2012 at a monthly charges of JPY¥3,800,000.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 S\$
20.	No. 237 Arcadia Road #05-01 The Arcadia Singapore 289844	<p data-bbox="568 402 831 512">The property comprises a unit on 5th floor of a condominium building completed in about 1983.</p> <p data-bbox="568 549 831 659">The property has a lettable area of approximately 3,757 sq.ft. (349.00 sq.m.).</p> <p data-bbox="568 695 831 868">The property is held by the Singapore Government under leasehold for a lease term of 99 years commencing from 17 August, 1979.</p>	The property was leased to an independent 3rd party for residential use purpose.	4,370,000

Notes:

1. The registered owner of the property is Singapore Service Residence Pte. Ltd., an indirect wholly-owned subsidiary of the Company.
2. Pursuant to the tenancy agreement, the property was leased to an independent 3rd party for a term of 2 years from 20 August, 2009 to 19 August, 2011 at a monthly rent of S\$9,000 exclusive of water, electricity and gas charges.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 S\$
21.	No. 239 Arcadia Road #03-04 The Arcadia Singapore 289845	<p data-bbox="568 402 831 544">The property comprises a penthouse unit on 3rd floor of a condominium building completed in about 1983.</p> <p data-bbox="568 580 831 693">The property has a lettable area of approximately 6,566 sq.ft. (610.00 sq.m.).</p> <p data-bbox="568 729 831 895">The property is held by the Singapore Government under leasehold for a lease term of 99 years commencing from 17 August, 1979.</p>	The property was leased to an independent 3rd party for residential use purpose.	7,840,000

Notes:

1. The registered owner of the property is Singapore Service Residence Pte. Ltd., an indirect wholly-owned subsidiary of the Company.
2. Pursuant to the tenancy agreement, the property was leased to an independent 3rd party for a term of 2 years from 15 September, 2010 to 14 September, 2012 at a monthly rent of S\$16,500 inclusive of maintenance charges.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 S\$
22.	Shophouse No. 35 North Canal Road Singapore 059291	<p>The property comprises a whole of 4-storey shophouse building completed in about 1953.</p> <p>The property has a land area of approximately 1,681 sq.ft. (156.17 sq.m.) and a total lettable area of approximately 4,844 sq.ft. (450.19 sq.m.)</p> <p>The property is held by the Singapore Government under leasehold for a lease term of 99 years commencing from 1 January, 1948.</p>	The property was leased to Elpis Financial Pte. Ltd. for shop use purpose.	3,910,000

Notes:

1. The registered owner of the property is Ecredit Singapore Pte. Ltd., a wholly-owned subsidiary of the Company. As informed by the Group that Ecredit Singapore Pte. Ltd. was the former name of China Credit Singapore Pte. Ltd.
2. Pursuant to the tenancy agreement, the property was leased to Elpis Financial Pte. Ltd., an independent 3rd party for a term of 3 years from 1 June, 2009 to 31 May, 2012 at a monthly rent of S\$9,500 exclusive of services charges.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 S\$
23.	No. 200 Jalan Sultan #08-11 Textile Centre Singapore 199018	<p>The property comprises a unit on 8th floor of a 13-storey commercial building with shopping area on 1st to 3rd floor completed in about 1979.</p> <p>As advised by the Group, the property has a lettable area of approximately 25,607.16 sq.ft. (2,378.96 sq.m.).</p> <p>The property is held by the Singapore Government under leasehold for a lease term of 99 years commencing from 2 June, 1970.</p>	The property was leased to 2 tenants for commercial use purposes.	30,560,000

Notes:

1. The registered owner of the property is Singxpress International Pte. Ltd., an indirect wholly-owned subsidiary of the Company.
2. The terms of conditions for 2 tenancy agreements of the property provided by the Company are as follows:

A portion of #08-11 (named #08-11A and the mezzanine floor with a lettable area of approximately 15,489 sq.ft.) was leased to Club De Zara Pte. Ltd., an independent 3rd party for a term of 5 years from 1 January, 2009 to 31 December, 2013 at a monthly rent of S\$61,000 exclusive of power and water charges.

Remaining portion of #08-11 (named #08-11B with a lettable area of approximately 10,118.16 sq.ft.) was leased to the Vernazza Investments Pte Ltd, an independent 3rd party for a term of 4 years from 21 May, 2011 to 20 May, 2015 at a monthly rent of S\$38,449 exclusive of service charge.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 S\$
24.	No. 883 North Bridge Road Shop #01-03 on 1st Floor and 27 Home Office Units on Various Floor Southbank Singapore 198785	The property comprises a shop unit on ground level and 27 home office units on various floor levels of a 20-storey home office building completed in about 2010.	The occupancy statuses are set out in below (see Note).	55,386,000

As advised by the Group, the property has a lettable area of approximately 28,732 sq.ft. (2,669.27 sq.m.) and the breakdown of areas are set out in below (see Note).

The property is held by the Singapore Government under leasehold for a lease term of 99 years commencing from 27 January, 2006.

Note: The registered owners of the property are under company name of Singapore Service Residence Pte. Ltd. (Called "SSRPL") and Expats Residences Pte. Ltd. (Called "Expats") respectively, both of the companies are indirect wholly-owned subsidiaries of the Company. The details of each unit and tenancy status are set out as follows:

Unit Nos.	Lettable Area (SQ FT)	Occupancy Status	Rental per month S\$	Out Going Charges	Commencement Date	End Date	Registered Owner
#01-03	129 (Shop)	Vacant					SSRPL
#02-04	603	Tenanted	3,084	Inclusive	1/10/2010	30/9/2012	SSRPL
#04-02	463	Tenanted	2,800	Inclusive	1/7/2010	30/6/2012	SSRPL
#04-04	603	Tenanted	3,300	Inclusive	1/7/2010	30/6/2012	SSRPL
#07-03	1,012	Tenanted	3,551	Inclusive	15/9/2010	14/9/2012	SSRPL
#07-05	1,593	Tenanted	6,500	Inclusive	1/9/2010	31/8/2012	SSRPL
#09-03	1,012	Tenanted	3,645	Inclusive	3/9/2010	2/9/2012	SSRPL
#09-04	1,184	Tenanted	4,673	Inclusive	11/11/2010	10/11/2012	SSRPL
#11-01	1,184	Tenanted	4,206	Inclusive	15/9/2010	14/9/2012	SSRPL
#11-02	883	Tenanted	3,738	Inclusive	4/8/2010	3/8/2012	SSRPL
#11-03	1,012	Tenanted	3,832	Inclusive	31/1/2011	30/1/2013	SSRPL
#11-04	1,184	Tenanted	4,299	Inclusive	18/9/2010	17/9/2012	SSRPL
#13-01	1,184	Tenanted	4,486	Inclusive	14/9/2010	13/9/2012	Expats
#13-02	883	Tenanted	3,037	Inclusive	8/9/2010	7/9/2012	SSRPL
#13-03	1,012	Tenanted	4,206	Inclusive	20/10/2010	19/10/2012	SSRPL
#13-04	1,184	Tenanted	4,486	Inclusive	1/4/2011	31/3/2013	SSRPL

Unit Nos.	Lettable Area (SQ FT)	Occupancy Status	Rental per month S\$	Out Going Charges	Commencement Date	End Date	Registered Owner
#15-02	883	Tenanted	3,084	Inclusive	1/10/2010	31/3/2011	SSRPL
#15-03	1012	Owner Occupied					SSRPL
#15-04	1,184	Owner Occupied					SSRPL
#17-02	883	Tenanted	3,738	Inclusive	15/1/2011	14/1/2013	SSRPL
#17-03	1,012	Tenanted	4,206	Inclusive	1/12/2010	30/11/2011	SSRPL
#17-04	1,184	Vacant					SSRPL
#17-05	1,593	Tenanted	6,900	Inclusive	15/11/2010	14/11/2012	SSRPL
#19-01	1,184	Tenanted	5,047	Inclusive	8/7/2010	7/7/2012	Expats
#19-02	883	Tenanted	3,738	Inclusive	30/9/2010	31/8/2011	SSRPL
#19-03	1,012	Tenanted	4,860	Inclusive	1/11/2010	31/1/2011	Expats
#19-04	1,184	Tenanted	4,900	Inclusive	8/9/2010	7/9/2012	Expats
#19-05	1,593	Tenanted	6,788	Inclusive	8/9/2010	7/9/2012	Expats

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 S\$
25.	8 Nos. of Residential Units Dakota Residences 34-42 Dakota Crescent Singapore 399937 to 399939	The property comprises 8 Units (including No. 36 Dakota Crescent #09-07, #10-07, #11-07; No. 38 Dakota Crescent #01-09, #08-09; #14-09; No. 40 #08-13 and #09-13) on various floor levels and blocks of a 5 blocks, 19-storey residential buildings completed in about 2010. A total lettable area of approximately 14,682 sq.ft. (1,363.99 sq.m.) and the breakdown of areas are set out in below (see Note). The property is held by the Singapore Government under leasehold for a lease term of 99 years commencing from 11 September, 2007.	The occupancy statuses are set out in below (see Note).	19,313,000

Note: The registered owner of the property is Expats Residences Pte. Ltd., an indirect wholly-owned subsidiaries of the Company.

Unit Nos.	Lettable Area (SQ FT)	Occupancy Status	Rental per month S\$	Out Going Charges	Commencement Date	End Date
36 Dakota Crescent #09-07	1,830	Tenanted	6,300.0	Inclusive	1/10/2010	30/9/2012
36 Dakota Crescent #10-07	1,830	Tenanted	6,000.0	Inclusive	20/9/2010	19/9/2012
36 Dakota Crescent #11-07	1,830	Tenanted	6,200.0	Inclusive	2/10/2010	1/10/2011
38 Dakota Crescent #01-09	1,744	Tenanted	6,000.0	Inclusive	10/10/2010	9/10/2012
38 Dakota Crescent #08-09	1,830	Tenanted	6,200.0	Inclusive	10/11/2010	9/11/2012
38 Dakota Crescent #14-09	1,830	Tenanted	7,000.0	Inclusive	23/7/2010	22/7/2012
40 Dakota Crescent #08-13	1,894	Tenanted	5,500.0	Inclusive	29/10/2010	28/10/2012
40 Dakota Crescent #09-13	1,894	Tenanted	5,500.0	Inclusive	17/11/2010	16/11/2012

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 S\$
26.	No. 883 North Bridge Road 5 Nos. of Home Office Units on Various Floor Southbank Singapore 198785	The property comprises 5 nos. of home office units on various floor levels of a 20-storey home office building completed in about 2010. As advised by the Group, the property has a lettable area of approximately 6,028 sq.ft. (560.01 sq.m.) and the breakdown of areas are set out in below (see Note). The property is held by the Singapore Government under leasehold for a lease term of 99 years commencing from 27 January, 2006.	The occupancy statuses are set out in below (see Note).	11,232,000

Note: The registered owner of the property is Singxpress Capital Pte. Ltd., an indirect wholly-owned subsidiary of the Company. The details of each unit and tenancy status are set out as follows:

Unit Nos.	Lettable Area (SQ FT)	Occupancy Status	Rental per month S\$	Out Going Charges	Commencement Date	End Date
#07-01	1,184	Tenanted	4,670	Inclusive	22/2/2011	21/2/2013
#07-02	883	Tenanted	3,800	Inclusive	1/9/2010	31/8/2012
#09-01	1,184	Tenanted	4,673	Inclusive	15/3/2011	14/3/2013
#09-05	1,593	Tenanted	6,542	Inclusive	3/3/2011	2/3/2013
#17-01	1,184	Tenanted	6,150	Inclusive	1/5/2011	30/4/2014

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 S\$
27.	No. 8 Eu Tong Sen Street #23-81 The Centre Singapore 059818	<p>The property comprises an office unit on 23rd Floor of an office building completed in about 2007.</p> <p>The property has a lettable area of approximately 111 sq.m. (1,194.80 sq.ft.).</p> <p>The property is held by the Singapore Government under leasehold for a lease term of 99 years commencing from 21 January, 2001.</p>	The property was leased to an independent 3rd party for office use purpose.	2,310,000

Notes:

1. The registered owner of the property is Singxpress Capital Pte. Ltd., an indirect wholly-owned subsidiary of the Group.
2. Pursuant to the tenancy agreement, the property was leased to Global Intelligence Alliance Asia-Pacific Pte. Ltd., an independent 3rd party for a term of 1 year from 21 June, 2010 at a monthly rent of S\$10,032 and service charge S\$584.8 with an option to renew for 1 year at a prevailing market rent exclusive of services charges.

VALUATION CERTIFICATE

Group IV – Property interests held for future development by the Group in Singapore

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 S\$
28.	Foh Pin Mansion No. 1 Charlton Road Singapore 539548 (Land Lot No. MK22-3283C)	<p>The property comprises 7 blocks of 3-storey height residential apartment completed in late 70's.</p> <p>The units have a total gross floor area of approximately 2,919 sq.m. (or 31,420 sq.ft.).</p> <p>The subject land lot area of approximately 3,173 sq.m. (or 34,154 sq.ft.).</p> <p>The land lot of property is currently held under a freehold interest.</p>	As instructed by the Group that the property was occupied by the existing occupier as at the date of valuation.	23,000,000 (80% interest attributable to the Group: S\$18,400,000)

Notes:

1. The registered owner of the property is Charlton Residences Pte Ltd., an 80% indirect owned subsidiary of the Group.
2. We have been informed by the Company that the property has decided to be redeveloped into not more than 21 cluster terrace type housing units. However, there was no registered plan or document has been provided as at the date of valuation.
3. Pursuant to the Master Plan 2008 published by Urban Redevelopment Authority of Singapore Government, the subject lot has been planned for 3-storey mixed land of residential use.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 S\$
29.	16 Apartment Units Waldorf Mansion No. 235 Balesiter Road Singapore 329699 (Land Lot No. 99T-TS-29)	<p>The property comprises 16 units (including Unit Nos. #01-02, #02-01, #02-02, #03-01, #04-01, #04-02, #05-01, #06-01, #06-02, #07-01, #08-01, #08-02, #09-01, #10-01, #10-02, #11-01) blocks of 11-storey height residential apartment completed in about 1991.</p> <p>The units have a total gross floor area of approximately 2,159 sq.m. (or 23,239.5 sq.ft.)</p> <p>The subject land lot area of approximately 1,057.6 sq.m. (or 11,384 sq.ft.)</p> <p>The land lot of property is currently held under a freehold interest.</p>	<p>The property was occupied by the vendors as at the date of valuation for residential use.</p> <p>We have been informed by the Company that the property will be delivered in vacant possession on the date of completion.</p>	No Commercial Value

Notes:

- As at the date of valuation, the register name of the Group has not been shown in the land register search. However, as instructed by the Group that the transaction was completed on 27 April, 2011. Therefore, we have attributed no commercial value to the property. For reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be S\$21,430,000, on condition that the property is assuming the relevant title certificates have been obtained by the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.
- We have been informed by the Group that the property has decided to be redeveloped into a residential development. However, there was no registered plan or document has been provided as at the date of valuation.
- Pursuant to the Master Plan 2008 published by Urban Redevelopment Authority of Singapore Government, the subject lot has been planned for residential uses with 2.8 max plot ratio and 36-storey building height restriction.

VALUATION CERTIFICATE

Group V – Property interests held for owner occupied by the Group in Japan

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 JPY¥																																		
30.	Aizuya 733 Shiobara Nasu-Shiobara City Tochigi 329-2921 Japan	<p>The property comprises 2 main buildings including 8-storey hotel building with ancillary function building and 3-storey staff quarter with a total numbers of 22 guest rooms which were completed in about 1981 and 2003 respectively.</p> <p>The property has a total gross floor area of approximately 3,152.11 sq.m. The details are set out as follows:</p> <p><i>Hotel Building-</i></p> <table border="1"> <thead> <tr> <th>Floor Level</th> <th>GFA (sq.m.)</th> </tr> </thead> <tbody> <tr><td>1st Floor</td><td>203.96</td></tr> <tr><td>2nd Floor</td><td>158.87</td></tr> <tr><td>3rd Floor</td><td>215.04</td></tr> <tr><td>4th Floor</td><td>43.74</td></tr> <tr><td>5th Floor</td><td>42.65</td></tr> <tr><td>6th Floor</td><td>883.28</td></tr> <tr><td>7th Floor</td><td>776.84</td></tr> <tr><td>8th Floor</td><td>156.73</td></tr> </tbody> </table> <p><i>Ancillary Function Building-</i></p> <table border="1"> <thead> <tr> <th>Floor Level</th> <th>GFA (sq.m.)</th> </tr> </thead> <tbody> <tr><td>Function Room 1</td><td>389.37</td></tr> <tr><td>Function Room 2</td><td>53.99</td></tr> <tr><td>Bath Room</td><td>62.89</td></tr> </tbody> </table> <p><i>Staff Quarter Building-</i></p> <table border="1"> <thead> <tr> <th>Floor Level</th> <th>GFA (sq.m.)</th> </tr> </thead> <tbody> <tr><td>1st Floor</td><td>47.31</td></tr> <tr><td>2nd Floor</td><td>58.72</td></tr> <tr><td>3rd Floor</td><td>58.72</td></tr> </tbody> </table> <p>Total Area <u>3,152.11</u></p>	Floor Level	GFA (sq.m.)	1st Floor	203.96	2nd Floor	158.87	3rd Floor	215.04	4th Floor	43.74	5th Floor	42.65	6th Floor	883.28	7th Floor	776.84	8th Floor	156.73	Floor Level	GFA (sq.m.)	Function Room 1	389.37	Function Room 2	53.99	Bath Room	62.89	Floor Level	GFA (sq.m.)	1st Floor	47.31	2nd Floor	58.72	3rd Floor	58.72	The property was operated as a hotel by the group for hotel purpose.	225,000,000
Floor Level	GFA (sq.m.)																																					
1st Floor	203.96																																					
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The land lot of property is currently held under a freehold interest.

Note: The registered owner of the property is 株式会社社会津屋 (Kabushiki Kaisha Aizuya), an indirect wholly-owned subsidiary of the Group.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May, 2011 JPY¥																																																
31.	Hotel Plaza Miyazaki 1-1 Kawahara-cho Miyazaki City Miyazaki 880-0866 Japan	<p>The property comprises 3 main buildings including 18-storey hotel building (including 2 basement floors), 3-storey hotel 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.	1,261,400,000
Floor Level	Area (sq.m.)																																																			
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Note: 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.

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. 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)	2,482,000	0.09
		<u>1,061,153,486</u>	<u>40.19</u>
		1,063,635,486	40.28
Chan Yoke Keow	Beneficial owner Held by controlled corporations (Note 2)	133,950,093	5.07
		<u>585,800,065</u>	<u>22.18</u>
		719,750,158	27.25
Fong Kwok Jen	Beneficial owner	7,333,600	0.28
Chan Tong Wan	Beneficial owner	11,325,522	0.43
Wong Dor Luk, Peter	Beneficial owner	<u>280,000</u>	<u>0.01</u>
		<u><u>1,802,324,766</u></u>	<u><u>68.25</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	4.69
	5.22.2006	5.22.2006 – 5.8.2013	0.1534	49,008,000	1.86
	8.6.2010	8.6.2010 – 5.8.2013	0.1340	400,000,000	15.15
Chan Yoke Keow	11.1.2004	11.1.2004 – 5.8.2013	0.1567	15,313,500	0.58
	11.15.2004	11.20.2004 – 5.8.2013	0.1583	35,731,500	1.35
	2.18.2009	2.18.2009 – 5.8.2013	0.0684	18,376,200	0.70
Chan Tong Wan	11.15.2004	11.20.2004 – 5.8.2013	0.1583	15,313,500	0.58
	5.22.2006	5.22.2006 – 5.8.2013	0.1534	5,104,500	0.19
Fong Kwok Jen	11.15.2004	11.20.2004 – 5.8.2013	0.1583	4,594,050	0.17
Wong Dor Luk, Peter	11.15.2004	11.20.2004 – 5.8.2013	0.1583	3,062,700	0.12
				670,389,750	25.39

(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	6.51
		172,000,000	172,000,000	6.51

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

Name of director	Capacity	Number of issued bond held	Percentage of the issued bond of the Company %
Chan Heng Fai	Beneficial owner Held by controlled corporation (<i>Note 3</i>)	403,869	38.23
		<u>7,200</u>	<u>0.68</u>
Chan Yoke Keow	Beneficial owner Held by controlled corporation (<i>Note 2</i>)	411,069	38.91
		<u>134,217</u>	<u>12.71</u>
Fong Kwok Jen	Beneficial owner	368,536	34.89
		<u>1,680</u>	<u>0.16</u>
Chan Tong Wan	Beneficial owner Held by controlled corporation (<i>Note 4</i>)	4,528	0.43
		<u>60,000</u>	<u>5.68</u>
		<u>64,528</u>	<u>6.11</u>
		<u>845,813</u>	<u>80.07</u>

Notes:

1. These shares/bonds 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 Ms. Chan Yoke Keow 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 (<i>Note 1</i>)	Beneficial owner	1,061,153,486	40.18
Prime Star Group Co., Ltd. (<i>Note 2</i>)	Beneficial owner	585,800,065	22.18

Note:

- (1) Heng Fai Master Holdings Limited is wholly owned by a discretionary trust established by Mr. Chan Heng Fai as settlor.
- (2) Ms. Chan Yoke Keow is the sole director and shareholder of Prime Star Group Co. Ltd.

(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 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.

3. 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 8 years.

Save as aforesaid, neither the Company nor any of its subsidiaries is engaged in litigation or arbitration of material importance and so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against the Company or any of its subsidiaries.

4. 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 29 January, 2010, a service contract was entered into between the Company and Mr. Chan for a term of three years commencing from 1 February, 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.

5. 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.

6. MATERIAL CONTRACTS

- (a) On 14 August, 2009, SingXpress Service Residence Pte Ltd, an indirect wholly owned subsidiary of the Company, entered into sale and purchase agreements with individuals who are independent third parties to acquire two properties situated in Singapore for an aggregate consideration of S\$2.65 million.
- (b) On 8 January, 2010, Corporate Space Pte Ltd, an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with the vendor, Mr. Chan Heng Fai for the purchase of the 100% equity interest in Expats Residences Pte Ltd, a property investment company incorporated in Singapore, and the shareholder loan at an aggregate consideration of HK\$40.7 million which was satisfied by the issuance of approximately 301.5 million shares of the Company.
- (c) On 11 January, 2010, Heng Fung Capital Company Limited, a wholly owned subsidiary of the Company, entered into formal sale and purchase agreement with the vendor, Legacy Advisors Ltd. for the acquisition of property located in Hong Kong at a consideration of HK\$32,016,000.
- (d) 12 March, 2010, Global Growth Management Inc, an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with the purchaser, Timesing Education Group Inc to dispose a property situated in Canada for an aggregate consideration of CAD3 million. The transaction was completed in April 2010.
- (e) On 8 April, 2010, Expats Residences Pte Ltd, an indirect wholly owned subsidiary of the Company, entered into sale and purchase agreements with the vendor, Rivershore Pte Ltd to acquire 8 properties situated in Singapore for an aggregate consideration of approximately S\$15.42 million.
- (f) On 28 June, 2010, the Company entered into a term sheet with SingXpress Ltd (“SingXpress”) and ACT Holdings Pte Ltd (“ACT”) relating to, inter alia, the establishment of the joint venture company which shall be owned 80% by SingXpress and 20% by ACT for the purpose of holding and re-developing the existing block of 21 units of walk-up apartments located in Foh Pin Mansion at Charlton Road, Singapore (“Properties”) and if SingXpress is unable to go ahead with the project for any reason, the Company has agreed to stand behind the transaction and will assume all the rights and obligations in the joint venture company in respect of the Project from SingXpress. On 29 June, 2010, SingXpress together with ACT have made a successful tender for the

Properties at a price of S\$21,200,000 (amended to S\$21,400,000 after the S\$200,000 adjustment under the closing condition that 100% vendors' consent to sale has been obtained before 28 July, 2010).

- (g) On, 13 August, 2010, Xpress Credit Limited, an indirect wholly owned subsidiary of the Company, has undertaken to make applications in excess of its pro rata entitlement to the convertible bonds under the rights issue of SingXpress Ltd and pay for not less than S\$7 million in aggregate principal amount of the convertible bonds (except the S\$5,431,800 in aggregate principal amount of the convertible bonds (approximately HK\$30,961,000) provisionally allotted to the Group of which the Group has undertaken to take up.
- (h) 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.
- (i) This Disposal Agreement.
- (j) This Agreement and the Tender.
- (k) 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.

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.

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. 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, 2011 (being the date to which the latest published audited consolidated accounts of the Group were made up).

9. 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, 2011, 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.

10. 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, 2011, 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.

11. 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 15 August, 2011.

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts 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 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 31 March, 2011;
- (f) the circular of the Company dated 17 September, 2010 and 1 February, 2011;
- (g) the Tender Packet; and
- (h) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of the shareholders of Xpress Group Limited (the “Company”) will be held at Club Lusitano, 24th Floor, 16 Ice House Street, Central, Hong Kong on Tuesday, 23 August, 2011 at 9:45 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendment, as an ordinary resolution of the Company:

“THAT:

- (a) the entry into of the Tender and Agreement (as defined in the circular to the shareholders of the Company dated 29 July, 2011 (the “Circular”)), a copy of which has been produced to this meeting marked “A” and signed by the chairman of this meeting for identification purpose, and the transactions contemplated thereunder be and are hereby confirmed, approved, authorized and ratified; and
- (b) any one director of the Company or any two directors of the Company, if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute (and, if necessary, affix the common seal of the Company to) any such documents, instruments and agreements and to do any such acts or things as may be deemed by him/her/them in his/her/their absolute discretion to be incidental to, ancillary to or in connection with the matters contemplated in the Tender and Agreement and the transactions contemplated thereunder.”

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

Hong Kong, dated 29 July, 2011

Registered office:

24/F., Wyndham Place
40–44 Wyndham Street
Central, Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority shall be deposited at the registered office of the Company in Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.