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XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 March 2009

RESULTS

The Board of Directors (the “Board”) of Xpress Group Limited (the “Company”) announced the consolidated results of the Company and its subsidiaries (together referred to as the “Group”) for the year ended 31 March 2009 together with the comparative figures of the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	2009 HK\$'000	2008 HK\$'000
CONTINUING OPERATIONS			
Revenue	2	93,399	82,688
Cost of sales		(17,250)	(13,772)
Gross profit		76,149	68,916
Other operating income		6,891	29,693
Fair value (loss) gain on financial assets at fair value through profit or loss		(28,022)	16,581
Fair value (loss) gain on investment properties		(12,277)	69,690
Reversal of impairment losses on trade receivables		1,551	–
Impairment losses on trade receivables		–	(1,431)
Bad debt recovered		–	835
Administrative expenses		(142,429)	(142,349)
Impairment losses on available-for-sale financial assets		(8,140)	–
Gain on disposal on available-for-sale financial assets		–	8,707
Impairment loss on interest in an associate		(3,600)	–
Discount on acquisition of additional interest in a subsidiary		–	35,037
Gain on disposal of associates		–	1,217
(Loss) profit from operations		(109,877)	86,896
Finance costs		(5,726)	(14,263)
Share of results of associates		(10,595)	(5,671)
(Loss) profit before income tax	3	(126,198)	66,962
Income tax expense	4	(208)	(9,079)
(Loss) profit for the year from continuing operations		(126,406)	57,883
DISCONTINUED OPERATION			
Profit (loss) for the year from discontinued operation	5	14,819	(48,568)
(Loss) profit for the year		(111,587)	9,315

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Attributable to:			
Equity holders of the Company		(111,587)	12,229
Minority interests		–	(2,914)
		<hr/>	<hr/>
(Loss) profit for the year		(111,587)	9,315
		<hr/>	<hr/>
(Loss) earnings per share for (loss) profit attributable to the equity holders of the Company during the year			
	6		
From continuing and discontinued operations			
Basic		(HK\$6.12) cents	HK\$0.68 cents
Diluted		N/A	HK\$0.57 cents
		<hr/>	<hr/>
From continuing operations			
Basic		(HK\$6.94) cents	HK\$3.36 cents
Diluted		N/A	HK\$2.86 cents
		<hr/>	<hr/>

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Notes	2009 HK\$'000	2008 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		61,783	67,272
Prepaid land leases		19,162	28,031
Investment properties		250,506	268,490
Interests in associates		8,306	24,460
Long term deposits		14,095	15,671
Available-for-sale financial assets		12,178	36,290
Goodwill		10,544	28,620
Loan receivables		736	901
Pledged bank deposits		–	3,900
		<u>377,310</u>	<u>473,635</u>
Current assets			
Inventories		491	676
Trade and other receivables, deposits and prepayments	7	22,426	180,844
Financial assets at fair value through profit or loss		102,885	46,313
Loan receivables		6,511	2,233
Amounts due from associates		7,648	7,775
Pledged bank deposits		3,973	5,030
Cash and cash equivalents		56,828	223,315
		<u>200,762</u>	<u>466,186</u>
Current liabilities			
Trade and other payables and accruals	8	38,514	166,005
Borrowings		11,118	35,522
Finance lease payables		–	562
Convertible debentures		–	45,358
Tax payables		15,421	16,539
Amounts due to associates		1,387	–
		<u>66,440</u>	<u>263,986</u>

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Net current assets		<u>134,322</u>	<u>202,200</u>
Total assets less current liabilities		<u>511,632</u>	<u>675,835</u>
Non-current liabilities			
Borrowings		62,942	88,780
Finance lease payables		–	1,326
Amounts due to associates		–	1,570
Deferred taxation		<u>20,955</u>	<u>24,489</u>
		<u>83,897</u>	<u>116,165</u>
Net assets		<u>427,735</u>	<u>559,670</u>
CAPITAL AND RESERVES			
Share capital		18,371	18,191
Reserves		<u>409,333</u>	<u>539,147</u>
Equity attributable to equity holders of the Company		<u>427,704</u>	557,338
Minority interests		<u>31</u>	<u>2,332</u>
Total equity		<u>427,735</u>	<u>559,670</u>

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). A summary of the significant accounting policies adopted by the Group is set out in the annual report.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

2. REVENUE AND SEGMENTAL INFORMATION

Revenue, which is also the Group’s turnover, represents total invoiced value of goods supplied and income from provision of services.

Primary reporting format – business segments

The Group is organised on a worldwide basis into five (2008: six) main business segments: financing operations, securities trading and investment, treasury investment, property investment and hotel operations.

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

In the previous year, the Group also engaged in travel related operations. This segment was discontinued during the year ended 31 March 2009. Further details of discontinued operation under the travel related operations business segment are set out in note 5.

Inter-segment sales are charged at prevailing market prices.

An analysis of the Group's revenue, contribution to loss from operations for the year ended 31 March 2009 and 2008 and certain assets, liabilities and expenditure information regarding business segments are as follows:

For the year ended 31 March 2009

	Continuing operations						Discontinued operation		Total HK\$'000
	Financing operations HK\$'000	Securities trading and investment HK\$'000	Treasury investment HK\$'000	Property investment HK\$'000	Hotel operations HK\$'000	Elimination HK\$'000	Sub-total HK\$'000	Travel related operations HK\$'000	
Revenue									
– External sales	8,533	8,613	3,735	11,020	61,498	–	93,399	1,018,819	1,112,218
– Inter-segment sales	–	–	40,211	1,032	–	(41,243)	–	–	–
Total	<u>8,533</u>	<u>8,613</u>	<u>43,946</u>	<u>12,052</u>	<u>61,498</u>	<u>(41,243)</u>	<u>93,399</u>	<u>1,018,819</u>	<u>1,112,218</u>
Segment results	<u>(7,785)</u>	<u>(28,089)</u>	<u>3,735</u>	<u>(2,176)</u>	<u>(3,225)</u>	<u>–</u>	<u>(37,540)</u>	<u>(13,809)</u>	<u>(51,349)</u>
Unallocated revenue							15,193	29	15,222
Unallocated expenses							(83,930)	–	(83,930)
Finance costs							(5,726)	(1,162)	(6,888)
Unallocated share of results of associates							(10,595)	–	(10,595)
Gain on disposal of subsidiaries							–	30,320	30,320
Unallocated impairment loss on interest in an associate							(3,600)	–	(3,600)
(Loss) profit before income tax							(126,198)	15,378	(110,820)
Income tax expense							(208)	(559)	(767)
(Loss) profit for the year							<u>(126,406)</u>	<u>14,819</u>	<u>(111,587)</u>
Segment assets	5,783	115,062	5,700	279,945	48,689	–	455,179	–	455,179
Unallocated associates							8,306	–	8,306
Unallocated assets							114,587	–	114,587
Total assets							<u>578,072</u>	<u>–</u>	<u>578,072</u>
Segment liabilities	(1,136)	–	(17,637)	(53,660)	(17,708)	–	(90,141)	–	(90,141)
Unallocated liabilities							(60,196)	–	(60,196)
Total liabilities							<u>(150,337)</u>	<u>–</u>	<u>(150,337)</u>

	Continuing operations						Discontinued operation		Total HK\$'000
	Financing operations HK\$'000	Securities trading and investment HK\$'000	Treasury investment HK\$'000	Property investment HK\$'000	Hotel operations HK\$'000	Elimination HK\$'000	Sub-total HK\$'000	Travel related operations HK\$'000	
Capital expenditure	-	-	-	3,192	109	-	3,301	2,256	5,557
Unallocated capital expenditure							381	-	381
Total capital expenditure							3,682	2,256	5,938
Depreciation	958	-	516	1,483	2,730	-	5,687	2,350	8,307
Amortisation of prepaid land leases	-	-	-	655	-	-	655	-	655
Impairment loss on available-for-sales financial assets	-	8,140	-	-	-	-	8,140	-	8,140
Impairment loss on loan receivables	163	-	-	-	-	-	163	-	163
Fair value loss on financial assets at fair value through profit or loss	-	28,022	-	-	-	-	28,022	-	28,022

For the year ended 31 March 2008

	Continuing operations						Discontinued operation		Total HK\$'000
	Financing operations HK\$'000	Securities trading and investment HK\$'000	Treasury investment HK\$'000	Property investment HK\$'000	Hotel operations HK\$'000	Elimination HK\$'000	Sub-total HK\$'000	Travel related operations HK\$'000	
Revenue									
– External sales	9,993	7,022	6,072	10,809	48,838	–	82,734	1,347,979	1,430,713
– Inter-segment sales	–	–	33,806	1,208	–	(35,060)	(46)	46	–
Total	9,993	7,022	39,878	12,017	48,838	(35,060)	82,688	1,348,025	1,430,713
Segment results	(13,162)	24,366	6,072	57,232	(7,611)	5,239	72,136	(48,569)	23,567
Unallocated revenue							92,951	2,731	95,682
Unallocated expenses							(78,191)	–	(78,191)
Finance costs							(14,263)	(1,826)	(16,089)
Unallocated share of results of associates							(5,671)	–	(5,671)
Gain on disposal of a subsidiary							–	106	106
Profit (loss) before income tax							66,962	(47,558)	19,404
Income tax expense							(9,079)	(1,010)	(10,089)
Profit (loss) for the year							57,883	(48,568)	9,315
Segment assets	12,596	82,603	614	309,648	156	–	405,617	57,838	463,455
Unallocated associates							24,460	–	24,460
Unallocated assets							451,906	–	451,906
Total assets							881,983	57,838	939,821
Segment liabilities	(2,569)	–	(822)	(5,723)	–	–	(9,114)	(49,237)	(58,351)
Unallocated liabilities							(321,800)	–	(321,800)
Total liabilities							(330,914)	(49,237)	(380,151)
Capital expenditure	24	–	–	4,721	454	–	5,199	6,129	11,328
Unallocated capital expenditure							2,902	–	2,902
Total capital expenditure							8,101	6,129	14,230
Depreciation	976	–	684	715	2,468	–	4,843	2,299	7,142
Amortisation of prepaid land leases	–	–	–	661	–	–	661	–	661
Impairment losses on loan receivables	–	–	1,359	–	–	–	1,359	–	1,359
Impairment losses on property, plant and equipment	–	–	–	–	–	–	–	1,196	1,196
Impairment losses on trade receivables	–	234	–	–	–	–	234	–	234
Unallocated impairment losses on trade receivables							1,971	–	1,971

Secondary reporting format – geographical segments

The Group's operations are located in four (2008: four) main geographical areas. The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods and services.

	2009			2008		
	Continuing operations HK\$'000	Discontinued operation HK\$'000	Consolidated HK\$'000	Continuing operations HK\$'000	Discontinued operation HK\$'000	Consolidated HK\$'000
Hong Kong	21,748	–	21,748	26,450	–	26,450
North America	4,293	–	4,293	6,200	–	6,200
Singapore	2,098	497,953	500,051	1,200	681,004	682,204
Japan	65,260	520,866	586,126	48,838	667,021	715,859
	93,399	1,018,819	1,112,218	82,688	1,348,025	1,430,713

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

Segment assets

	2009			2008		
	Continuing operations HK\$'000	Discontinued operation HK\$'000	Consolidated HK\$'000	Continuing operations HK\$'000	Discontinued operation HK\$'000	Consolidated HK\$'000
Hong Kong	354,926	–	354,926	499,964	–	499,964
North America	62,068	–	62,068	51,624	–	51,624
Singapore	88,298	–	88,298	132,083	55,127	187,210
Japan	72,780	–	72,780	198,312	2,711	201,023
	578,072	–	578,072	881,983	57,838	939,821

Capital expenditure

	2009			2008		
	Continuing operations HK\$'000	Discontinued operation HK\$'000	Consolidated HK\$'000	Continuing operations HK\$'000	Discontinued operation HK\$'000	Consolidated HK\$'000
Hong Kong	6	–	6	2,608	–	2,608
North America	–	–	–	–	–	–
Singapore	3,508	–	3,508	4,739	81	4,820
Japan	168	2,256	2,424	754	6,048	6,802
	3,682	2,256	5,938	8,101	6,129	14,230

3. (LOSS) PROFIT BEFORE INCOME TAX

	Continuing operations		Discontinued operation		Total	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
(Loss) profit before income tax is arrived at after charging (crediting):						
Operating lease charges on land and buildings	3,503	2,979	10,575	12,693	14,078	15,672
Depreciation						
– Owned assets	5,687	4,180	2,350	2,257	8,037	6,437
– Leased assets	–	705	–	–	–	705
	5,687	4,885	2,350	2,257	8,037	7,142
Amortisation of prepaid land leases (included in administrative expenses)	655	661	–	–	655	661
Impairment losses on available-for-sales financial assets	8,140	–	–	–	8,140	–
Impairment losses on loan receivables	163	1,266	–	93	163	1,359
Impairment losses on property, plant and equipment	–	–	–	1,196	–	1,196
Impairment losses on trade receivables	–	1,431	–	–	–	1,431
Impairment losses on other receivables	16,353	–	55	–	16,408	–
Impairment loss on interest in an associate	3,600	–	–	–	3,600	–
Loss (gain) on disposals of property, plant and equipment	–	4,561	–	(3,881)	–	680
Auditor's remuneration						
– Current year	600	3,120	–	174	600	3,294
– Under provision for previous year	515	–	–	–	515	–
	1,115	3,120	–	174	1,115	3,294
Staff costs including directors' emoluments	53,098	72,404	47,933	66,824	101,031	139,228
Exchange loss (gain), net	6,211	(11,492)	13	3	6,224	(11,489)
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	–	(11,976)	–	–	–	(11,976)
Rental income from investment properties less outgoings of HK\$1,801,000 (2008: HK\$1,621,000)	(8,944)	(9,188)	–	–	(8,944)	(9,188)

4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profit tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Continuing operations		
Current tax		
– Hong Kong	1,832	23
– Overseas	315	7,692
Deferred tax	(1,939)	1,364
	208	9,079
Discontinued operation		
Current tax		
– Overseas	559	1,010
	767	10,089

The income tax for the year can be reconciled to the (loss) profit from continuing and discontinued operations before income tax per the consolidated income statement as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
(Loss) profit before income tax		
– Continuing operations	(126,198)	66,962
– Discontinued operation	15,378	(47,558)
	(110,820)	19,404
Tax at Hong Kong profits income tax rate of 16.5% (2008: 17.5%)	(18,285)	3,396
Tax effect of non-deductible expenses	23,560	20,073
Tax effect of non-taxable income	(13,191)	(14,852)
Tax effect of unused tax losses not recognised	26,271	3,946
Tax effect of prior year's unrecognised tax losses utilised this year	(167)	(193)
Other temporary differences not recognised	56	6
Tax effect of share of losses of associates	1,748	992
Effect of different tax rates of subsidiaries operating in other jurisdictions	(19,225)	(3,279)
Income tax expense	767	10,089

5. DISCONTINUED OPERATION

The results of travel related operation business for the year ended 31 March 2009, which have been included in the consolidated income statement, were as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue	1,018,819	1,348,025
Cost of sales	(954,228)	(1,276,874)
Gross profit	64,591	71,151
Other operating income	6,554	7,739
Fair value loss on investment properties	–	(1,196)
Administrative expenses	(84,925)	(123,211)
Impairment losses on available-for sale financial assets	–	(321)
Gain on disposal of subsidiaries	30,320	106
Profit (loss) from operations	16,540	(45,732)
Finance costs	(1,162)	(1,826)
Profit (loss) before income tax	15,378	(47,558)
Income tax expense	(559)	(1,010)
Profit (loss) for the year from discontinued operation	14,819	(48,568)
Cash flows from discontinued operation		
Net cash flows used in operating activities	(8,860)	(2,871)
Net cash used in investing activities	(2,168)	(10,574)
Net cash generated from (used in) financing activities	22,886	(18,351)
Net cash flow	11,858	(31,796)

6. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic (loss) earnings per share is based on the loss attributable to equity holders of the Company of approximately HK\$111,587,000 (2008: profit attributable to equity holders of the Company of approximately HK\$12,229,000) and on the weighted average number of 1,822,029,000 (2008: 1,807,472,000) ordinary shares in issue during the year.

The calculation of diluted (loss) earnings per share is based on the loss attributable to equity holders of the Company approximately HK\$111,587,000 (2008: profit attributable to equity holders of the Company of approximately HK\$12,229,000) and on the weighted average number of 1,832,763,000 (2008: 2,128,370,000) ordinary shares in issue during the year.

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
(Loss) profit attributable to equity holders of the Company, used in the basic and diluted (loss) earnings per share calculation	(111,587)	12,229

Number of shares

	2009 <i>'000</i>	2008 <i>'000</i>
Weighted average number of ordinary shares for the purposes of the basic loss/earnings per share	1,822,029	1,807,472
Effect of dilutive potential ordinary shares:		
Share options	1,228	179,900
Warrants	9,506	140,998
Weighted average number of ordinary shares for the purposes of diluted loss/earnings per share	1,832,763	2,128,370

From continuing operations

The calculation of the basic and diluted (loss) earnings per share from continuing operations attributable to equity holders of the Company is based on the following data:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
(Loss) profit attributable to equity holders of the Company, used in the basic and diluted earnings per share calculation	(111,587)	9,315
<i>Less:</i> Profit (loss) for the year from discontinued operation	14,819	(48,568)
	(126,406)	57,883

The weighted average number of ordinary shares for the years ended 31 March 2009 and 2008 has stated as above.

From discontinued operation

The computation of basic and diluted loss per share for the discontinued operation is based on the gain for the year from discontinued operation of approximately HK\$14,819,000 (2008: loss for the year from discontinued operation of approximately HK\$48,568,000) and on the weighted average number ordinary shares stated as above.

As the share options and convertible debentures of the Company's subsidiaries outstanding during the two years ended 31 March 2009 and 2008 were anti-dilutive to the Group's (loss) earnings per share, diluted (loss) earnings per share were not adjusted in this respect for both years.

7. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade receivables	17,543	108,669
<i>Less: allowance for doubtful debts</i>	<u>(10,000)</u>	<u>(23,377)</u>
	7,543	85,292
Deposits, prepayments and other receivables	14,353	94,884
Prepaid land leases	<u>530</u>	<u>668</u>
	<u>22,426</u>	<u>180,844</u>

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

The average credit terms granted by the Group to its trade customers are as follows:

Hotel operations	60 days
Financing	30 days

At the balance sheet date, the ageing analysis of the trade receivables is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 60 days	2,431	77,988
61 – 90 days	7	4,122
Over 90 days	<u>5,105</u>	<u>3,182</u>
	<u>7,543</u>	<u>85,292</u>

8. TRADE AND OTHER PAYABLES AND ACCRUALS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade payables	27,191	89,031
Other payables and accrued expenses	<u>11,323</u>	<u>76,974</u>
	<u>38,514</u>	<u>166,005</u>

The Group was granted by its suppliers credit periods ranging from 30 to 60 days (2008: 30 to 60 days). Based on the invoice dates, the ageing analysis of the trade payables were as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 60 days	27,191	88,084
61 – 90 days	–	352
Over 90 days	<u>–</u>	<u>595</u>
	<u>27,191</u>	<u>89,031</u>

DIVIDEND

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2009 (2008: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 24 August 2009 to Wednesday, 26 August 2009, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the annual general meeting, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's Share Registrar, Tricor Friendly Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 August 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

OUTLOOK

Up against the severe global economic crisis, the Company expects to continue to face significant challenges in the near future and see its business performance affected. The Company is continuing to evaluate all the businesses of the Group to determine its future plans and rationalize its business direction in light of the current adverse financial and economic circumstances. The Group focus in property investment, securities investment and hotel operation. The Group will continue to implement cost control measures and margin management, as well as allocate resources to effect healthy development of its businesses.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The consolidated financial statements of the Group for the year ended 31 March 2009 have been reviewed by the committee.

SCOPE OF WORK OF AUDITORS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes for the year ended 31 March 2009 as set out in the preliminary announcement have been agreed by the Group's auditors, Lo and Kwong C.P.A Company Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2009. The work performed by Lo and Kwong C.P.A Company Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Lo and Kwong C.P.A Company Limited on the preliminary announcement.

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

In the opinion of the Directors, the Company has complied throughout the year ended 31 March 2009 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

PUBLIC FLOAT

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

PUBLICATION OF RESULTS ANNOUNCEMENT

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

On behalf of the Board
CHAN TONG WAN
Managing Director

Hong Kong, 24 July 2009

As at the date of this announcement, the Board comprises of the executive directors Mr. Chan Heng Fai, Mr. Chan Tong Wan, Ms. Chan Yoke Keow, Ms. Chan Sook Jin, Mary-ann, Mr. Chan Tung Moe and non-executive director Mr. Fong Kwok Jen as well as independent non-executive directors Mr. Wong Dor Luk, Peter, Mr. Joao Paulo Da Roza and Ms. Chian Yat Ping.