

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

This circular is addressed to the shareholders of the Company for information in connection with the EGM of the Company to be held on Friday, 19 February 2010. This circular is not and does not constitute an offer, nor is it calculated to invite offers for, shares in or other securities of the Company.

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DISCLOSEABLE AND CONNECTED TRANSACTION

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

CHANCETON CAPITAL

川盟融資有限公司

CHANCETON CAPITAL PARTNERS LIMITED

A letter from the Board is set out on pages 4 to 10 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on page 11 of this circular. A letter from Chanceton Capital Partners Limited, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 23 of this circular.

A notice convening the Extraordinary General Meeting to be held at Club Lusitano, 24th Floor, 16 Ice House Street, Central, Hong Kong, on Friday, 19 February 2010 at 9:30 a.m. is set out on pages 38 to 39 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.

1 February 2010

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares and the Shareholder Loans by the Purchaser from the Vendor subject to the terms of the Agreement
“Agreement”	the conditional sale and purchase agreement entered into between the Purchaser, the Vendor and the Company after the market close on 8 January 2010 relating to the sale and purchase of the Sale Shares and the Shareholder Loans and the issue of the Consideration Shares
“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“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”	completion of the Agreement
“Conditions”	the conditions precedent set out under the heading of “Conditions of the Agreement” of this circular
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	HK\$40.7 million for the sale and purchase of the Sale Shares and the Shareholder Loans and to be satisfied in the manner as set out in the Agreement
“Consideration Shares”	301,481,481 new Shares, being the consideration payable by the Company for the Sale Shares and the Shareholder Loans in accordance with the terms of the Agreement
“Director(s)”	the director(s) of the Company

DEFINITIONS

“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 Friday, 19 February 2010 at 9:30 a.m. to consider and, if thought fit, approve the Acquisition and the transactions contemplated under the Agreement by the Independent Shareholders
“Expats”	Expats Residences Pte Ltd, a company incorporated in Singapore with limited liability which is 100% owned by Mr. Chan
“Group”	the Company and its subsidiaries from time to time
“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
“Independent Financial Adviser” or “Chanceton Capital”	Chanceton Capital Partners Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the entering into of the Agreement and a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
“Independent Shareholders”	the Shareholders other than Mr. Chan and his associates
“Issue Price”	HK\$0.135 per Share, being the issue price for the Consideration Shares
“Last Trading Date”	8 January 2010
“Latest Practicable Date”	26 January 2010
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Heng Fai, a substantial Shareholder, the Chairman of the Board and an executive Director
“Properties”	5 units (#13-01, 19-01, 19-03, 19-04, 19-05) situated at 883 North Bridge Road, Singapore 198785

DEFINITIONS

“Purchaser”	Corporate Space Pte Ltd, an indirect wholly-owned subsidiary of the Company, which is the purchaser under the Agreement to acquire the Sale Shares and the Shareholder Loans from the Vendor
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“Sale Shares”	100% of the issued and paid-up capital of Expats
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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)
“Shareholder Loans”	Shareholder loans owing by Expats to the Vendor which amount to approximately S\$4.39 million (approximately HK\$24.25 million) as at the date of Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases
“Vendor”	Mr. Chan
“%”	per cent.

In this circular, the exchange rate of S\$1 to HK\$5.523 have been used for reference only.

LETTER FROM THE BOARD



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

Joao Paulo Da Roza

Wong Tat Keung

1 February 2010

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

On 8 January 2010, the Company announced that after the market close on 8 January 2010, the Company and the Purchaser, an indirect wholly-owned subsidiary of the Company, have entered into a conditional Agreement with the Vendor, pursuant to which the Purchaser will acquire the Sale Shares and the Shareholder Loan for a consideration of HK\$40.7 million.

The Acquisition constitutes a discloseable and connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

This circular provides you with, among other things, (i) further details of the Acquisition; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM.

LETTER FROM THE BOARD

THE AGREEMENT

8 January 2010

Parties:

- (1) The Vendor
- (2) The Purchaser
- (3) The Company

The Vendor is a substantial Shareholder, the Chairman of the Board and an executive Director. The Purchaser is an indirect wholly-owned subsidiary of the Company and an investment holding company.

Sale and Purchase:

Pursuant to the Agreement, the Vendor will sell and the Purchaser will purchase the Sale Shares and the Shareholder Loan in accordance with the terms of the Agreement.

Assets to be acquired:

The Sale Shares, representing the entire issued share capital of Expats, and the Shareholder Loan. Expats holds the Properties.

The Consideration:

The Consideration of HK\$40.7 million, is to be satisfied on Completion by the issuance of 301,481,481 Consideration Shares credited as fully paid at the Issue Price of HK\$0.135 per Share to the Vendor (or its nominees) on Completion.

The Consideration (including the Issue Price) was determined after arm's length negotiations with reference to the unaudited net assets value of Expats as at 31 December 2009 in an amount of approximately S\$582,000 (approximately HK\$3.22 million); the Shareholder Loan in an amount of approximately S\$4.39 million (approximately HK\$24.25 million); the average closing prices of the Share as quoted on the Stock Exchange for the last five trading days immediately preceding the Last Trading Day and the valuation report issued by an independent professional valuer appointed by the Purchaser.

The 301,481,481 Consideration Shares represent (i) approximately 12.89% of the existing issued share capital of the Company and (ii) approximately 11.42% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. An EGM will be convened by the Company at which resolution(s) will be proposed to the Shareholder for the approval of the specific mandate for the issue of the Consideration Shares.

LETTER FROM THE BOARD

The Issue Price represents:

- (i) a discount of approximately 3.57% to the closing price of HK\$0.140 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 6.64% to the average closing price of approximately HK\$0.145 per Share as quoted on the Stock Exchange for the last 5 trading days immediately preceding and including the Last Trading Day; and
- (iii) a discount of approximately 0.74% to the closing price of HK\$0.136 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Based on the average closing prices of the Share as quoted on the Stock Exchange for the last five trading days immediately preceding the Last Trading Day at HK\$0.145, the value of the Consideration Shares represents a sum of approximately HK\$43.6 million. The Agreement does not contain any restrictions on the sale of the Consideration Shares after Completion.

Conditions of the Agreement:

Completion is conditional on:

- (a) all requisite resolution(s) being passed by the Independent Shareholders by way of a poll at the EGM approving the terms of and the transactions contemplated in the Agreement and the implementation thereof;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares to be issued pursuant to the terms hereof;
- (c) the executive director of the Corporate Finance Division of the Securities and Futures Commission waiving of the obligation of the Vendor to make a general offer for the shares of the Company pursuant to Note 6 to Rule 26.1 of the Takeovers Code in respect of the Acquisition, if required; and
- (d) completion of a due diligence review on Expats and the Properties to the sole satisfaction of the Purchaser in its absolute discretion.

As at the Latest Practicable Date, the condition (c) has been fulfilled. If the other conditions above have not been fulfilled (or waived (except for (a) and (b) above) by the Purchaser) on or before 30 June 2010 or such other date as the Vendor, the Purchaser and the Company may agree in writing, the Agreement shall terminate save whereupon the parties shall have no further claims against each other under the Agreement save for accrued rights.

LETTER FROM THE BOARD

Completion:

Completion is to take place on the third Business Day after all conditions precedent to the Agreement have been satisfied or waived by the Purchaser (or such other time and date as the parties to the Agreement may agree).

Other terms:

The Company has guaranteed the performance of the obligations of the Purchaser under the Agreement.

Information on Expats:

Expats is an investment holding company incorporated in the Singapore with limited liability and is wholly-owned by the Vendor. It is principally engaged in property investment and its principal assets are the Properties.

Expats has entered into 5 agreements to purchase the Properties for an aggregate consideration of approximately S\$4.91 million (approximately HK\$27.14 million). As at the Latest Practicable Date, approximately S\$1.68 million (approximately HK\$9.29 million) deposit was paid and that the remaining of approximately S\$3.23 million (approximately HK\$17.85 million) outstanding balance will be paid upon the issuance of the temporary occupation permit and completion of the Properties which will be funded by the internal resources of Expats. Apart from the interest in the Properties, Expats does not have any other investment or operation.

The Properties are situated at 883 North Bridge Road, Singapore 198785. The total gross floor area of the Properties is 6,157 sq. ft. The Properties are situated at one of the main city streets of Singapore and are units of SOHO (Small Office Home Office) for commercial/residential use, which is a new concept launched in Singapore. The Properties are expected to be completed no later than 30 November 2010. With reference to the valuation report issued by an independent professional valuer appointed by the Purchaser, the valuation of the Properties were approximately S\$7.68 million (approximately HK\$42.43 million as at 31 December 2009).

Immediately upon completion of the Acquisition, Expats will become a subsidiary of the Company and its results will be consolidated into the financial statements of the Group.

The net loss before and after taxation of Expats as set out in the audited financial statements for the year ended 31 March 2009 was approximately HK\$5,000 and approximately HK\$5,000 respectively. For the year ended 31 March 2008, the audited net loss before and after taxation of Expats was approximately HK\$4,000 and approximately HK\$4,000 respectively. The net assets of Expats as set out in its audited financial statements as at 31 March 2009 was approximately HK\$3.39 million. The unaudited net assets of Expats was approximately HK\$3.22 million as at 31 December 2009.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

As at the Latest Practicable Date, the Group has entered into agreements to purchase 23 units situated at 883 North Bridge Road, Singapore 198785 (in the same building of the Properties). The Acquisition shall enable the Group to further increase its property portfolio in the same building and establish its flagship property in Singapore. The Properties will be used by the Group for investment purpose by way of rental income upon completion.

The Directors consider that the Acquisition is good investment opportunities for the Group and believe that its dual use for commercial and residential will benefit from the anticipated growth in value of the Properties while expanding the portfolio of the Group's investment properties in Singapore and providing more income stream in the future when compared with the other units solely for residential use. The Directors are of the view that the Acquisition are in the interest of the Group and the terms of Acquisition in the Agreements are in normal commercial terms, which are fair and reasonable and in the interests of the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE

Set out below is a table showing the Company's existing shareholding structure and that immediately after Completion:

	Existing shareholding as at the Latest Practicable Date		Immediately after Completion	
	<i>No. of Shares</i>	<i>approx. %</i>	<i>No. of Shares</i>	<i>approx. %</i>
Mr. Chan and his associates	1,414,272,163	60.46%	1,715,753,644	64.97%
Mr. Chan Tong Wan	8,145,522	0.35%	8,145,522	0.31%
Mr. Chan Tung Moe	7,784,000	0.33%	7,784,000	0.29%
Ms. Mary-ann Chan	6,265,398	0.27%	6,265,398	0.24%
Mr. Fong Kwok Jen	7,333,600	0.31%	7,333,600	0.28%
Controlling shareholders	1,443,800,683	61.72%	1,745,282,164	66.09%
Other Directors	644,800	0.03%	644,800	0.02%
Public	894,909,086	38.25%	894,909,086	33.89%
Total	<u>2,339,354,569</u>	<u>100.00%</u>	<u>2,640,836,050</u>	<u>100.00%</u>

Upon Completion, the interest of Mr. Chan and his Concert Parties in the voting rights of the Company would increased from approximately 61.72% to approximately 66.09% and the individual interest of Mr. Chan in the voting rights of the Company would increased from approximately 30.11% to approximately 38.09% immediately upon

LETTER FROM THE BOARD

Completion. The executive director of the Corporate Finance Division of the Securities and Futures Commission has waived the obligation of Mr. Chan to make a general offer for the shares of the Company pursuant to Note 6 to Rule 26.1 of the Takeovers Code in respect of the Acquisition.

LISTING RULES IMPLICATIONS

As the Vendor is a substantial Shareholder, the Chairman of the Board and an executive Director, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under the Listing Rules. The Acquisition is therefore subject to the approval by the Independent Shareholders by way of a poll and Mr. Chan and his associates will abstain from voting in respect of the resolution(s) to approve the Agreement and the Acquisition at the EGM.

The Acquisition also constitutes a discloseable transaction for the Company under the Listing Rules. An independent board committee of the Company has been formed to advise the Independent Shareholders. The Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

EXTRAORDINARY GENERAL MEETING

Set out on pages 38 and 39 of this circular is a notice convening the EGM to be held at Club Lusitano, 24th Floor, 16 Ice House Street, Central, Hong Kong on Friday, 19 February 2010 at 9:30 a.m. at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Acquisition and the transactions contemplated under the Agreement.

In accordance with Rule 13.39(4) of the Listing Rules, the voting of shareholders at the EGM will be taken by poll. The chairman of the EGM will demand a poll for the resolution to be proposed at the EGM in accordance with the Company's Articles of Association. In view of Mr. Chan's interests in the Acquisition, Mr. Chan and his associates, in aggregate holding 1,443,800,683 Shares as at the Latest Practicable Date, will abstain from voting at the EGM. The results of the poll will be published on the websites of the Company and the Stock Exchange on the day of the above meeting.

A form of proxy for use at the EGM is enclosed. Whether or not you propose to attend the EGM, 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 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 and any adjournment thereof, should you so desire.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole. Accordingly, the Directors recommend that all the Independent Shareholders should vote in favour of the proposed ordinary resolution set out in the notice of the EGM to approve the Acquisition.

ADDITIONAL INFORMATION

The Independent Board Committee, comprising all of the three independent non-executive Directors, has been established to advise the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder. Your attention is drawn to its letter of recommendation set out on page 11 of this circular.

Chanceton Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard. Your attention is drawn to their letter of recommendation set out on pages 12 to 23 of this circular.

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee which has been prepared for the purpose of inclusion in this circular:



XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

1 February 2010

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to the circular of the Company dated 1 February 2010 (the "Circular"), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to advise you on the terms of the Agreement and the transactions contemplated thereunder. Chanceton Capital has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 12 to 23 of this Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

RECOMMENDATION

Having considered the terms of the Agreement and the transactions contemplated thereunder and taking into account the independent advice of the Independent Financial Adviser and the relevant information contained in the letter from the Board, we are of the opinion that the Agreement and the transactions contemplated thereunder, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend that you vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully
For and on behalf of
Independent Board Committee
Wong Dor Luk, Peter Joao Paulo Da Roza Wong Tat Keung

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter received from Chanceton Capital Partners Limited setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition for inclusion in this circular.

CHANCETON CAPITAL
川盟融資有限公司
CHANCETON CAPITAL PARTNERS LIMITED

Chanceton Capital Partners Limited
Suites 06-12, 33/F., Shui On Centre,
6-8 Harbour Road, Wanchai, Hong Kong

1 February 2010

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder. Details of which, amongst other things, are set out in the circular dated 1 February 2010 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context requires otherwise.

On 8 January 2010, the Vendor, the Company and the Purchaser, an indirect wholly-owned subsidiary of the Company and an investment holding company, entered into the Agreement, pursuant to which the Vendor will sell and the Purchaser will purchase the Sale Shares and the Shareholder Loan in accordance with the terms of the Agreement for the consideration of HK\$40,700,000. As the consideration ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes discloseable transaction of the Company under the Listing Rules. Furthermore, as the Vendor is a substantial Shareholder, the Chairman of the Board and an executive Director of the Company, the Vendor is a connected person of the Company under the Listing Rules and, pursuant to Chapter 14A of the Listing Rules, the Acquisition also constitute connected transactions for the Company. Therefore, the Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Wong Dor Luk, Peter, Mr. Joao Paulo Da Roza and Mr. Wong Tat Keung, has been formed to advise the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder. We, Chanceton Capital Partners Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition as to whether (i) the Acquisition are conducted on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) the terms of the Agreement are fair and reasonable in so far as the Independent Shareholders are concerned; and (iii) the entering into of the Agreement is in the interest of the Company and the Shareholders as a whole.

In formulating our recommendation, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things, (i) the Circular; (ii) the Agreement; (iii) the valuation report prepared by GSK GLOBAL PTE LTD (the "Valuer"), an independent valuer, in respect of the Properties (the "Valuation Report") as set out in Appendix I to the Circular; (iv) the agreements to purchase other 22 units and a retail shop situated at 883 North Bridge Road, Singapore 198785 (in the same building of the Properties), and (v) the annual report and interim report of the Company for the year ended 31 March 2009 and the six months ended 30 September 2009 respectively (the "2009 Annual Report" and the "2009 Interim Report" respectively). We have assumed that all information, opinions and representations contained or referred to in other parts of the Circular are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations made by the directors and management of the Company that having made all reasonable enquiries and careful decisions, and to the best of their information, knowledge and belief, there is no other fact or representation or the omission of which would make any statement contained in the Circular, including this letter, misleading. We have also assumed that all information, statements and representations made or referred to in the Circular, which have been provided to us by the Company, are true, complete and accurate in all material respects at the time they were made and continue to be so at the date of despatch of the Circular.

We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide us with a reasonable basis for our recommendation. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Company; nor have we conducted any independent in-depth investigation into the business and affairs of the Company and their respective associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, we have taken into account the following principal factors:

1. Background of the Group's property investment business

The Group is a public company listed on the Hong Kong Stock Exchange with a history of over 40 years. The Group focuses on hospitality, property and securities investment. Under the property segment, the Group focuses in property investment in Hong Kong, Singapore and others countries.

The Group's property investment has expanded rapidly during the past two years, with profit contributed from property investment significantly increased by nearly 2 times to approximately HK\$6.3 million for the six months ended 30 September 2009 from the same period of 2008. As disclosed in the 2009 Interim Report, property investment is one of the major segments of the Group. In addition, the Company has also announced on 14 August 2009 that the Group has acquired 2 units situated at 883 North Bridge Road, Singapore 198785 (in the same building of the Properties), as at the Latest Practicable Date, before the Acquisition, the Group has entered in to agreements to purchase total of 22 units and a retail shop in the same building of the Properties. Upon Completion, the Group will own 27 units out of total 60 units of SOHO units and a retail shop in the same building (approximately 45%), and such strategic move would allow the Group to further increase its property portfolio in the same building and establish its flagship property in Singapore.

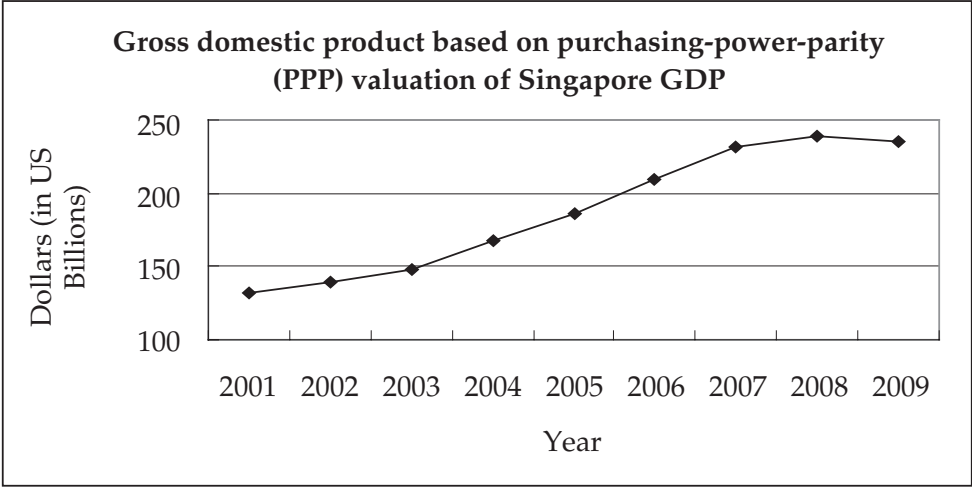
Given the fact that the Properties in central business district in Singapore, located at the junction of Crawford Street and North Bridge Road which is right next to Lavender MRT station, and as stated in the "Letter from the Board" in the Circular, the Company is actively looking for investment opportunities in Singapore and believe that its dual use for commercial and residential will benefit from the anticipated growth in value of the Properties compared with units solely for residential use, we concur with the view of the Board that upon Completion, the Properties can further expand its portfolio of investment properties, broaden its revenue base and enable the Group to capture the growth in Singapore's property.

Accordingly, we consider the acquisition of the Properties, which are within the above-mentioned flagship property of the Group in Singapore, conform with the Group's overall business strategy and are conducted in the ordinary and usual course of the Group's business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

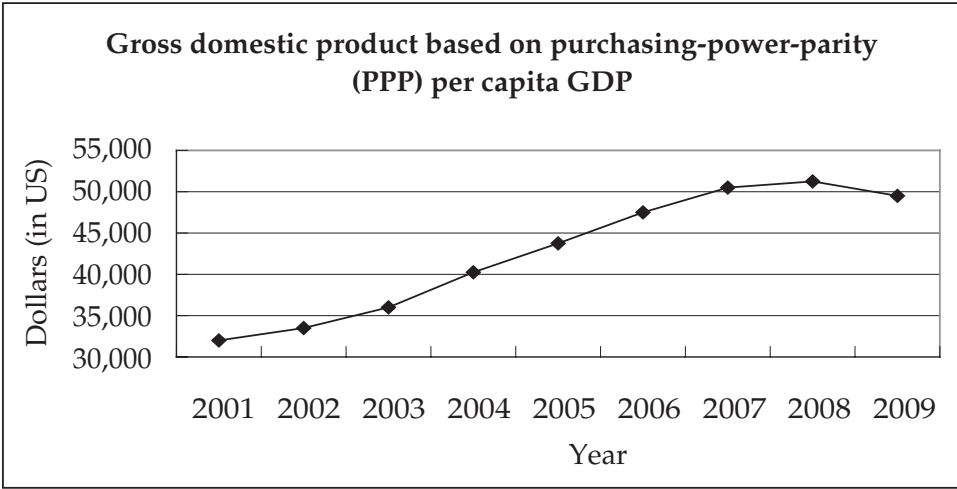
2. Property market in Singapore

Gross domestic product based on purchasing-power-parity (PPP) valuation of Singapore GDP



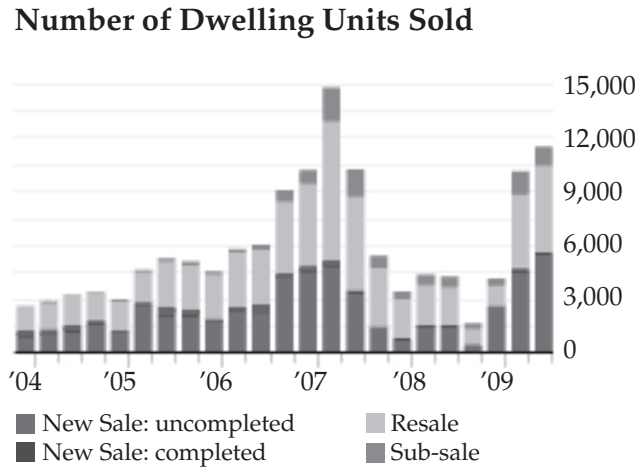
Source: International Monetary Fund – 2009 World Economic Outlook

Gross domestic product based on purchasing-power-parity (PPP) per capita GDP



Source: International Monetary Fund – 2009 World Economic Outlook

Number of Dwelling Units Sold in Singapore



Source: Urban Redevelopment Authority

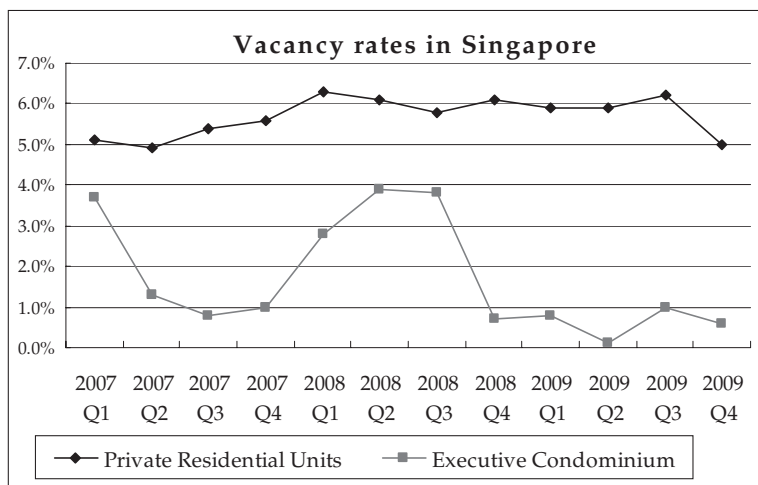
As shown in the charts above, Singapore, being one of the major cities in the Asia, has recorded a gradually growing trend for its GDP based on both the purchasing power party GDP or per capita GDP. However, the global financial crisis and economic downturn that started in 2008 have a major impact on the economy as Singapore is a regional financial center and there were layoffs by global financial institutions on a large scale. The Singapore’s economy has suffered sharp fall in the transaction volumes. Vacancy rates inched upward. Singapore’s residential property price index fell by 4.7% (-9.6% in real terms) in year 2008. In year 2009, the improved economic conditions and lower interest rates led the housing market to quickly recover, the number of residential units sold in Q2 and Q3 2009 reached 21,638, significantly higher than the 13,642 units sold all year in 2008. It is generally expected that the Singapore Government will continue to maintain an economic policy that will allow sustainable growth in the domestic consumption and local economy.

Rental Market in Singapore

According to the Housing and Development Board of Singapore (“HDB”), as more than 85% of all Singaporean’s live in owned apartments built and maintained by the HDB. As a result, landlords letting in Singapore focus mainly on expatriates. The residential leasing market is depending on expatriates looking for short-term leases in prime residential areas and location close to the commercial area which include condominiums, semi-detached terrace houses or multi-story apartment. Accommodation costs can typically amount to 40 percent of household expenditure.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The increase in rental prices over the past few years has been caused by a competitive property market and limited supply. The following chart illustrates the vacancy rates of residential units in Singapore over from year 2007 to year 2009:



Source: Urban Redevelopment Authority of Singapore

After suffering through seven quarters of vacancy rates of residential units of over or close to 6%, vacancy rates started to drop drastically to around 5% in the 4th quarter of 2009, according to the statistics released by the Urban Redevelopment Authority of Singapore. We also noted that the vacancy rates of more premium residential units (as illustrated by the “executive condominium” in the above chart) remains at very low levels, of less than 1% since the 4th quarter of year 2008.

As economic growth picks up after the global financial crisis, businesses, including multinationals, are stepping up hiring and are likely to bring in more expatriates, who form the bulk of tenants of private homes in Singapore. According to a report from a senior executive from Jones Lang LaSalle, she reckons that private condominiums rents would not drop in 2010, as the outflow of expatriates from Singapore has slowed and the influx of expatriates has restarted as the banks and other financial institutions are starting to hire again (Business Times Dec 2009).

The Company was able to capture the opportunities in the trough of the Singapore’s economy, during the past few years, as the Company has entered into agreements to purchase 22 units and a retail shop situated in the same building of the Properties. As at the Latest Practicable Date, based on the market price of comparable units in the same building, the price per sq. ft. of SOHO units in the same building have been increased to over S\$1,000 per sq. ft. (the Company entered into agreements to purchase 22 units and a retail shop was approximately S\$700 per sq. ft.). Based on our discussion with the management, the Company aims to further capture the growing momentum in the Singapore’s property market, the Board considers that the investment in the Properties will provide a stable rental income to the Group and the Group may take advantage of any increase in Properties’ value in long term which is expected to be in line with the continual growth of the Singapore economy and will remain focused on its investment plan for commercial/residential property market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given (i) as the rental market is starting to recover and more expatriates influx to look for suitable private home, (ii) vacancy rates started to drop drastically in the 4th quarter of 2009, and (iii) the vacancy rates of more premium residential units remains at very low levels since the 4th quarter of year 2008, we are of the view that the investment in the Properties will provide a stable rental income to the Group.

3. The Consideration

i. Basis of the Consideration

The Consideration of HK\$40.7 million, is to be satisfied on Completion by the issuance of 301,481,481 Consideration Shares credited as fully paid at the Issue Price of HK\$0.135 per Share to the Vendor (or its nominees) on Completion. According to the "Letter from the Board" in the Circular, the Consideration (including the Issue Price) was arrived at after arm's length negotiation between the Vendor and the Purchaser with reference to (i) the unaudited net assets value of Expats as at 31 December 2009 in an amount of approximately S\$582,000 (approximately HK\$3.22 million); (ii) the Shareholder Loan in an amount of approximately S\$4.39 million (approximately HK\$24.25 million); (iii) the average closing prices of the Share as quoted on the Stock Exchange for the last five trading days immediately preceding the Last Trading Day and (iv) the valuation report issued by the Valuer. Upon Completion, Expats will become a subsidiary of the Company and its results will be consolidated into the financial statements of the Group.

ii. Valuation methodology of the Valuer

According to the valuation report issued by the Valuer, the valuation of the Properties were approximately S\$7.68 million (approximately HK\$42.43 million as at 31 December 2009). We have discussed with the Valuer regarding the methodology of, and basis and assumptions adopted for the Valuation Report including the direct comparison approach and we have reviewed the comparable sales evidence provided by the Valuer. We concur with the Valuer that the methodology adopted by them is a reasonable approach as the comparable sales evidence has fairly reflected the market value of the Properties.

Based on the above, the Consideration represents a discount of approximately 5% to the aggregate value of the Shareholder Loans and the adjusted net asset value of Expats after adjusting the valuation of the Properties. As such, we consider that the Consideration is fair and reasonable in so far the Independent Shareholders are concerned.

iii. Payment method

The Consideration will be satisfied by the issuance of 301,481,481 Consideration Shares. The Consideration represents (i) approximately 12.89% of the existing issued share capital of the Company and (ii) approximately 11.42% of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

issued share capital of the Company as enlarged by the issue of the Consideration Shares. An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price

The Consideration Shares will be issued at the Issue Price of HK\$0.135 per Share.

The Issue Price represents:

- (a) a discount of approximately 0.74% over the closing price of the Shares of HK\$0.136 as quoted on the Stock Exchange as at the Latest Practicable Date;
- (b) a discount of approximately 3.57% over the closing price of the Shares of HK\$0.140 as quoted on the Stock Exchange on 8 January 2010, being the date of the last trading day prior to the date of the Announcement;
- (c) a discount of approximately 4.93% over the average closing price of the Shares of HK\$0.142 as quoted on the Stock Exchange for the last 10 trading days up to and including 8 January 2010;
- (d) a discount of approximately 3.57% over the average closing price of the Shares of HK\$0.141 as quoted on the Stock Exchange for the last 30 days up to and including 8 January 2010; and
- (e) a discount of approximately 42.01% over the Group's latest audited net asset per Share as at 31 March 2009 of HK\$0.233.

We noted that the average trading volumes as quoted on the Stock Exchange for the last 30 days up to and including 8 January 2010 was approximately 4,493,000, representing approximately 0.5% of the total number of issued Shares held by Independent Shareholders. Therefore, we considered that the liquidity of the Shares is relatively low.

Other than the issue of new Shares, the Directors had considered other debt financing methods to finance the Acquisition. As compared to the issue of the new Shares directly to the Vendor, the Directors consider that the other debt financing methods would be subject to a lengthy negotiation process and the due diligence practice. Besides, the debt financing methods would probably incur interest expenses for the Company. Given the new Shares is interest-free, the Directors consider that the issue of the new Shares are the most cost efficient and beneficial way to financing the Acquisition as they save the costs of borrowing and eliminate the burden of the Company arising through the usage of cash. We concur with the Directors' view in this regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparison with other transactions involving the issue of the new Shares

To assess and compare the fair and reasonable of the issue price of the new Shares, we have identified transactions that involved the issue of new Shares by companies listed in Hong Kong from 02 November 2009 to 31 December 2009. To the best of our knowledge, we found 16 companies which meet these criteria. The table below summarises our relevant findings:

Company	Stock Code	Date of announcement	Premium/ (discount) of issue price over/to the closing price of the shares as at the last trading day prior to the release of the announcement %
Magician Industries (Holdings) Ltd.	526	02 November 2009	(24.53)
Cinda International Holdings Ltd.	111	11 November 2009	(2.44)
Minerals Land Ltd.	230	13 November 2009	(4.07)
Long Success International (Holdings) Ltd.	8017	16 November 2009	(5.66)
ERA Holdings Global Ltd.	8043	20 November 2009	(3.00)
Continental Holdings Ltd.	513	30 November 2009	(15.00)
Bio-Dynamic Group Ltd.	39	01 December 2009	(2.90)
Natural Dairy (NZ) Holdings Ltd.	462	10 December 2009	9.59
C.P. Pokphand Co. Ltd.	43	11 December 2009	(45.80)
Greentown China Holdings Ltd.	3900	16 December 2009	1.79
Zhongtian International Ltd.	2379	16 December 2009	0.70
Hong Kong Health Check and Laboratory Holdings Company Limited	397	17 December 2009	(13.04)
Green Global Resources Limited	61	18 December 2009	(29.96)
Emperor Entertainment Group Limited	8078	21 December 2009	(19.10)
Ming Hing Waterworks Holdings Limited	402	29 December 2009	(69.86)
The Company	185	8 January 2010	(3.57)
		Average	(13.96)
		Maximum	9.59
		Minimum	(69.86)

As shown by the above table, the issue prices of the comparables ranged from a discount of approximately 69.86% to a premium of approximately 9.59% to/over the respective closing prices of their shares on the last trading days prior to/on the date of announcement/agreement in relation to the respective issue of shares. The Issue Price

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

which represents a discount of approximately 3.57% to the closing price of the Shares on the Last Trading Day hence falls within the said market range and is above the average of the comparables.

Given (i) the relatively thin liquidity of the Shares which the market price of the Shares may not be able to reflect the true value of the Company and (ii) the market phenomenon that issue prices are usually set at discounts to share prices in the open market, and in light of the possible benefits of the Acquisition to the Group, we are of the view that the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned.

We have reviewed the agreements to purchase other 22 units and a retail shop situated at 883 North Bridge Road, Singapore 198785, which is in the same building of the Properties, and we noted that the payment terms similar to that of the Expats has entered into 5 agreements to purchase the Properties.

POTENTIAL DILUTION TO THE SHAREHOLDINGS OF THE INDEPENDENT SHAREHOLDERS

As set out in the shareholding table in the Letter from the Board, a total of 301,481,481 new Shares will be allotted and issued under the Acquisition, representing approximately 12.89% of the existing issued share capital of the Company and approximately 11.42% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. In such event, upon completion of the Acquisition and the issue and allotment of the Consideration Shares, the Vendor who together with its parties acting in concert in the voting rights of the Company would increased from approximately 61.72% to approximately 66.09% and the individual interest of the Vendor in the voting rights of the Company would increased from approximately 30.11% to approximately 38.09%, and the shareholding interest of the existing public Shareholders will be decreased from approximately 38.25% to 33.89%. We consider that the dilution of the Independent Shareholders' interest in the Company, as a consequence of the issue of the Consideration Shares is acceptable after taking into account (i) the reasons for the Acquisition as stated in the section headed "**Background of the Group's property investment business**" above; (ii) the Issue Price represents a discount of approximately 3.57% to the closing price of the Shares on the Last Trading Day falls within the market range and is above the average of the comparables; and (iii) the issuance of the Consideration Shares will allow the Company to retain its cash resources for its day to day operations and future developments.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

POSSIBLE FINANCIAL EFFECTS

The following analysis is based on the unaudited consolidated financial statements of the Company for the six months ended 30 September 2009. Upon Completion, Expats will become a wholly-owned subsidiary of the Company and their financial results will be fully consolidated into the Company's financial statements.

Net asset value

According to the Company's 2009 Interim Report, the unaudited consolidated net asset value of the Group, excluding minority interests, was approximately 534 million as at 30 September 2009. As the Consideration represents a discount of approximately HK\$2.1 million or approximately 5% discount to the aggregate value of the Shareholder Loans and the adjusted net asset value of Expats after adjusting the valuation of the Properties, we are of the view that the Acquisition will have minimal effect on the consolidated net asset value of the Company.

Earnings

As Expats is an investment holdings company and the Properties have yet to be completed, no immediate contribution to the Group's earnings is expected upon Completion.

Working capital and gearing

As referred to 2009 Interim Report, the unaudited consolidated cash and bank balance of the Group was approximately HK\$88.2 million while the gearing ratio (defined as total liabilities over total assets) was approximately 22.8% as at 30 September 2009.

As referred to the 2009 Annual Report, the audited consolidated cash and bank balance of the Group was approximately HK\$56.8 million while the gearing ratio (defined as total liabilities over total assets) was approximately 26.0% as at 31 March 2009.

Since the Consideration will be payable by the issuance of the Consideration Shares and the total interest-bearing borrowings will remain unchanged as a result of the Acquisition, the gearing ratio will be decreased.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

We have considered the above principal factors and reasons and particularly (i) the strategic rationale of the Acquisition; (ii) the terms and the fairness of the Consideration as discussed above; (iii) the potential dilution to the shareholdings of the Independent Shareholders; and (iv) the possible financial effects. Based on the above principal factors and reasons, we consider that the Acquisition is on normal commercial terms, and the entering of the Agreement is fair and reasonable and in the interest of the Company and its shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the independent shareholders of the Company to vote in favour of the resolutions to be proposed at the EGM to approve the Acquisition and the transactions contemplated under the Agreement.

Yours faithfully,
for and on behalf of
Chanceton Capital Partners Limited
Johnny Wong
Managing Director



1 February 2010

GSK Global Group
192 Waterloo Street
#02-05/06 Skyline Building
Singapore 187966

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

Dear Sirs,

VALUATION OF PROPERTIES AT
883 NORTH BRIDGE ROAD #13-01, #19-01, #19-03, #19-04, #19-05 SOUTHBANK
SINGAPORE 198785

In accordance with the instruction from Xpress Group Limited (hereinafter referred to as the "Company"), we have inspected the subject development (under construction) on 28 December 2009 and are pleased to submit our report and valuation hereunder.

- 1.0 Purpose of Report
- 2.0 Subject Properties
- 3.0 Town Planning
- 4.0 Location and Locality
- 5.0 Description of Subject Development
- 6.0 Basis and Method of Valuation
- 7.0 Valuation

1.0 PURPOSE OF REPORT

This report is prepared for the purpose of determining the current open market value of the subject properties, assuming the subject properties are satisfactorily completed as at the date of valuation, with vacant possession and free from all encumbrances for internal accounting purpose only.

2.0 SUBJECT PROPERTIES

Address	:	883 North Bridge Road #13-01, #19-01, #19-03, #19-04, #19-05 Southbank Singapore 198785
Type	:	Small Office Home Office
Developer	:	Kings & Queens Development Pte Ltd
Tenure	:	Leasehold 99 years commencing from 27 January 2006
Strata Unit Description & Floor Area (<i>subject to final survey</i>)	:	#13-01 – TS 15 – U4724V – 110 sq m #19-01 – TS 15 – U4727A – 110 sq m #19-03 – TS 15 – U4751L – 94 sq m #19-04 – TS 15 – U4763N – 110 sq m #19-05 – TS 15 – U4775A – 148 sq m
Total Floor Area	:	Approx. 572.0 sq m (or 6,157 sq ft), <i>subject to final survey</i>
Particular of occupancy	:	The properties are currently under construction and will be held by the Company for investment upon completion
Expected Date of Temporary Occupation Permit	:	30 November 2010

3.0 TOWN PLANNING

Based on the 2003 Master Plan, the subject properties are sited on land zoned as “Commercial & Residential”. Official Master Plan Zoning, Road and Drainage Interpretation Plans have not been applied for.

4.0 LOCATION AND LOCALITY

Neighbourhood	:	Mainly residential with mixed developments.
City Services	:	Available within the vicinity.
Public Transport	:	Available along Crawford Road & North Bridge Road.
Prominent Developments	:	ICA Building, Crawford Centre, Beach Road Gardens, Kampong Glam NPP, Rochor River, etc.

Comments : Readily accessible via Central Expressway & Nicoll Highway. The subject properties are located within walking distance from Lavender MRT Station.

5.0 DESCRIPTION OF SUBJECT DEVELOPMENT

Construction : Reinforced concrete structure, waterproofing and heat-insulated reinforced concrete roof, etc.

Amenities/Facilities : Lap & children's pool, spa & reflective pool, steam rooms, water feature walls, gymnasium, function rooms, BBQ pits, etc.

Remarks : As at the date of external inspection, the subject properties are under construction.

6.0 BASIS AND METHOD OF VALUATION

In valuing the property, we have followed the "Hong Kong Guidance Notes on the Valuation of Property Assets" published by The Royal Institution of Chartered Surveyors (Hong Kong Branch) and The Hong Kong Institute of Surveyors.

Our valuation is our opinion of the open market value, which we would define as intended to mean "the best price" at which an interest in a property might reasonably be expected to be sold at the date of valuation, assuming:

- a. a willing seller, willing buyer;
- b. no account is to be taken of an additional bid by a purchaser with a "special interest";
- c. that prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the negotiation and agreement of price and terms for the completion of the sale; and
- d. that the price reflects the state of the market and other circumstances at the date of valuation.

For the purpose of this report, the Direct Comparison Approach to value is adopted. In this approach, sales and listings of similar properties in the vicinity and elsewhere are used as guides to value after relevant valuation adjustments are made for differences in orientation, location, date of sale, floor area, floor level, etc.

7.0 VALUATION

Having considered the above, the prevailing market conditions and other relevant valuation factors, we are of the considered opinion that the current open market value of the subject properties as at 31 December 2009, assuming the subject properties are satisfactorily completed as at the date of valuation, with vacant possession and free from all encumbrances for internal accounting purpose only is **S\$7,683,000/- Singapore Dollars Seven Million Six Hundred And Eighty-Three Thousand Only**. This Valuation Report is issued subject to the general valuation principles adopted as attached.

Yours faithfully

For and on behalf of

GSK GLOBAL PTE LTD

(Formerly known as GSK Valuers & Property Consultants Pte Ltd)

Teo Beng Hock

B. Bus (Property)

Licensed Appraiser AD041-2009516J

Note: Mr. Teo Beng Hock is a member of Singapore Institute of Surveyors & Valuers who has 10 years' experience in Singapore.

GENERAL VALUATION PRINCIPLES ADOPTED

These are the general principles upon which our Valuation and Reports are normally prepared; they apply unless we have specifically mentioned otherwise In the body of the report.

1. Confidentiality

Our Valuation and Reports are confidential to the party to whom they are addressed. No responsibility is accepted to any third parties and neither the whole, nor any part, nor reference there to may be published in any document, statement or circular, nor in any communication with third parties, without any prior written approval of the form and context In which it will appear.

2. Source of Information

Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable but we accept no responsibility if this should prove not to be so.

3. Valuation and Report

The values assessed in this Report and any allocation of values thereof apply only in the terms of and for the purpose of this Report and may not be used for any other purpose.

4. Documentation

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements, mortgages or other charges and out-goings of an onerous nature which would have an effect on the value of the interest under consideration. The valuation also excludes any costs, expenses, taxation or out-goings which may be involved in any transaction of the property.

5. Structural Surveys

Whilst any defects or items of disrepair which we note during the course of our inspection will be reflected in our valuations, no structural surveys or land surveys was carried out and we are not able to give any assurance that any property is free from defect.

6. Town Planning

Information on Town Planning is Obtained from the set of Master Plan and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements.

7. Statutory Regulations

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Fitness by the competent authority.

8. Site Conditions

We do not normally carry out investigations on site in order to determine the suitability of the ground conditions for any new development. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

9. Tenants

Enquiry as to the financial standing of actual or prospective tenants are not normally made unless specific. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

1. RESPONSIBILITY STATEMENT

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

2. 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	704,344,005	30.11
Chan Yoke Keow	Beneficial owner	45,279,741	1.94
	Held by trust (<i>Note 1</i>)	78,848,352	3.37
	Held by controlled corporations (<i>Note 2</i>)	<u>585,800,065</u>	<u>25.04</u>
		709,928,158	30.35
Fong Kwok Jen	Beneficial owner	7,333,600	0.31
Chan Tong Wan	Beneficial owner	8,145,522	0.35
Wong Dor Luk, Peter	Beneficial owner	280,000	0.01
Da Roza Joao Paulo	Beneficial owner	4,800	–
	Held by spouse (<i>Note 3</i>)	<u>360,000</u>	<u>0.02</u>
		<u>364,800</u>	<u>0.02</u>
		<u><u>1,430,396,085</u></u>	<u><u>61.14</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	5.30
	5.22.2006	5.22.2006–5.8.2013	0.1534	49,008,000	2.09
Chan Yoke Keow	11.1.2004	11.1.2004–5.8.2013	0.1567	15,313,500	0.65
	11.15.2004	11.20.2004–5.8.2013	0.1583	35,731,500	1.53
	2.18.2009	2.18.2009–5.8.2013	0.0684	18,376,200	0.79
Chan Tong Wan	11.15.2004	11.20.2004–5.8.2013	0.1583	15,313,500	0.65
	5.22.2006	5.22.2006–5.8.2013	0.1534	5,104,500	0.22
Fong Kwok Jen	11.15.2004	11.20.2004–5.8.2013	0.1583	4,594,050	0.20
Wong Dor Luk, Peter	11.15.2004	11.20.2004–5.8.2013	0.1583	3,062,700	0.13
Da Roza Joao Paulo	5.27.2005	5.28.2005–5.8.2013	0.1469	2,041,800	0.09
				<u>272,431,550</u>	<u>11.65</u>

(c) *Warrants*

Name of director	Capacity	Number of warrants held	Number of underlying shares	Percentage of issued share capital of the Company %
Chan Heng Fai	Beneficial owner	<u>172,000,000</u>	<u>172,000,000</u>	7.35
		<u>172,000,000</u>	<u>172,000,000</u>	<u>7.35</u>

Notes:

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

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	%
Prime Star Group Co., Ltd. (Note 1)	Beneficial owner	585,800,065	25.04

Note:

- (1) 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 (%)
Hong Kong Link Xpress Limited	Hong Kong Link Tours Limited	45%
Japan Xpress Limited	Planet Marketing Communications Inc.	40%
Japan Xpress Travel Limited	Planet Marketing Communications Inc.	22%
Xpress Finance Limited	MBf Asia Capital Corporation Holdings Limited	18%

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

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 arises due to the acquisition of such subsidiary by the Group in 2000. In the opinion of the Directors, it is not practicable at this stage to determine with certainty the outcome of the litigation. Further details of the litigation is set out in section headed "The Compromise Agreement" in the Letter from the Board in the circular of the Company dated 8 July 2002. The litigation has been standstill for more than 7 years.

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

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:

- (a) On 3 July 2007, a service contract was entered into between the Company and Mr. Chan for a term of two years commencing from 1 February 2008. The service contract provides for the payment of a salary of HK\$185 per month. In addition, Mr. Chan is also entitled to receive an accommodation allowance of HK\$160,000 per month. On 20 November 2008, a supplementary agreement was entered into between Mr. Chan and the Company for reducing the accommodation allowance to HK\$30,000 per month which is deemed to have taken effect on 1 November 2008.

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

The overall salary and allowance per month was reduced by 25% which is taken into effect on 1 March 2009.

- (b) On 3 July 2007, a service contract was entered into between the Company and Mr. Chan Tong Wan (“Tony Chan”) for a term of three years and taken effect on 1 April 2007. The service contract provides for the payment of annual salary of HK\$2 million, HK\$2.1 million and HK\$2.2 million for the first, second and third years of services and Tony Chan shall be entitled to an incentive bonus equivalent to 2.5% of the audited consolidated profit of the Group before tax at the end of every financial year or at such other rates or on such other terms as may be determined and approved by the Board. In the event that either party terminate the service contract, the terminated party shall be entitled to receive, and the terminating party shall pay and transfer to the terminated party, as liquidated damages, a lump sum equal to the sum which would have been payable by the Company to Tony Chan as gross salary (excluding bonus, if applicable), not to exceed 12 months of salary, in respect of the unexpired term of the service contract on the date notice of termination is given. Beginning 1 March 2009, Tony Chan’s overall salary and allowance per month was reduced by 25% and the incentive bonus was cancelled.

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. 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.

7. 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 2009 (being the date to which the latest published audited consolidated accounts of the Group were made up).

8. 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
Chanceton Capital Partners Limited	A corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
GSK Global Pte Ltd (collectively, the "Experts")	an independent professional property valuer

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

As at the Latest Practicable Date, none of the Experts have any direct or indirect interests in any assets which had been since 31 March 2009, 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.

9. 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 2009, 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.

10. 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 1 February 2010.

- (a) the memorandum and articles of association of the Company;
- (b) the Agreement dated 8 January 2010;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 11 in this circular;
- (d) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 12 to 23 in this circular; and
- (e) the service contracts referred to in the section headed "SERVICE CONTRACTS" in this Appendix; and
- (f) the written consents referred to in the paragraph headed "Expert and Consent" in this Appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

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 Friday, 19 February 2010 at 9:30 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:

ORDINARY RESOLUTION

“**THAT** conditional on the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the Consideration Shares (as defined below):

- (i) the conditional sale and purchase agreement dated 8 January 2010 entered into between Corporate Space Pte Ltd (“Purchaser”), an indirect wholly-owned subsidiary of the Company, the Company and Mr. Chan Heng Fai (“Vendor”), the chairman of the board of directors of the Company in relation to the acquisition of the entire interest of Expats Residences Pte Ltd (“Expats”) and the shareholder loans from the Vendor for consideration of HK\$40.7 million to be satisfied by the issuance of 301,481,481 new shares of the Company (“Consideration Shares”) credited as fully paid at the issue price of HK\$0.135 per share to the Vendor (or its nominees) on completion of the Agreement (the “Agreement”), a copy of which has been produced at the meeting marked “A” and signed by the chairman of the meeting for identification purpose, and all the terms and conditions thereof and the transactions contemplated under the Agreement be and are hereby approved, confirmed and ratified;
- (ii) the allotment and issue of the Consideration Shares pursuant to the terms of the Agreement (details of which are set out in the circular of the Company dated 1 February 2010 (a copy of which is tabled at the meeting and marked “B” and initialled by the chairman of the meeting for identification purposes)) be and are hereby approved; and
- (iii) any director, 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 all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be

NOTICE OF EXTRAORDINARY GENERAL MEETING

incidental to, ancillary to or in connection with the matters contemplated in or relating to the Agreement, the completion thereof and to effect the transactions contemplated in the Agreement as he/she may consider necessary, desirable or expedient.”

By Order of the Board
Chan Tong Wan
Managing Director

Hong Kong, dated 1 February 2010

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.