

XPRESS HOLDINGS LTD
(Incorporated in the Republic of Singapore)
(Company Registration No.: 199902058Z)

**PROPOSED DISPOSAL OF THE PROPERTY AT
1 KALLANG WAY 2A SINGAPORE 347495**

1. INTRODUCTION

1.1 Proposed Disposal

The Board of Directors of Xpress Holdings Ltd (the “**Company**”) is pleased to announce that its wholly-owned subsidiary, Xpress Print (Pte) Ltd (the “**Vendor**”), had entered into a sale and purchase agreement dated 15 November 2007 (the “**Agreement**”) with HSBC Institutional Trust Services (Singapore) Limited (the “**Purchaser**”), pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property (as defined below) on the terms and conditions set out in the Agreement (the “**Proposed Disposal**”).

1.2 Property

The property being the whole of Lot 7537X of Mukim 24, (including the building(s) erected or to be erected thereon) with a leasehold title of 30 years commencing from 1 July 1995 under the lease dated 28 September 2005 between Jurong Town Corporation (“**JTC**”) and the Vendor and known as 1 Kallang Way 2A, Singapore 347495 (the “**Property**”).

1.3 The Purchaser

The Purchaser is a company incorporated in the Republic of Singapore and acting in its capacity as trustee of MacarthurCook Industrial Real Estate Investment Trust, whose units are listed on Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

1.4 The Vendor

The Vendor, a wholly-owned subsidiary of the Company, is a company incorporated in Singapore on 16 May 1986, whose principle activities are those of general printing, integrated print solutions, global distribution and delivery.

2. RATIONALE

The Proposed Disposal provides the Company the opportunity to ride on the strong trend in the industrial property market in Singapore to sell the Property at above its latest net book value and at the same time enables the Company to leaseback the building at a reasonable market rental rate.

3. THE AGREEMENT

Under the Agreement, the Proposed Disposal is subject to and conditional upon, *inter alia*, the satisfaction of all applicable conditions precedent as referred to in Section 5 of this announcement (“**Conditions Precedent**”).

The Property is sold subject to a lease agreement to be entered into between the Vendor as lessee and the Purchaser as lessor on the completion of the Agreement (“**Completion**”) (the “**Lease Agreement**”).

4. **SALE CONSIDERATION**

4.1 **Sale Consideration**

The sale consideration is S\$14,000,000 (exclusive of goods and services tax) (“**Sale Consideration**”), arrived at on a willing buyer and willing seller basis taking into account, *inter alia*, the terms offered by the Purchaser against other parties.

Under the terms of the Agreement, the Sale Consideration shall be adjusted proportionately if the final survey discloses a variance of 10% or more from the net lettable area of 74,385 square feet.

4.2 **Payment Terms**

The Agreement sets out the terms of payment of the Sale Consideration as follows:-

- (a) a deposit of S\$50,000 shall be paid to the Vendor’s solicitors on or before the date of the Agreement to be held by the Vendor’s solicitors as stakeholders pending Completion ; and
- (b) the balance of the Sale Consideration of S\$13,950,000 shall be paid to the Vendor on Completion.

5. **MATERIAL CONDITIONS TO THE PROPOSED DISPOSAL**

5.1 **Conditions Precedent**

Completion is conditional upon:-

- (a) the Vendor obtaining by a date which falls 90 days after the date of the Agreement (or otherwise as mutually agreed by the parties) (the “**Satisfaction Date**”) or the New Satisfaction Date (as defined below), as the case may be, the JTC and relevant authority approvals on terms and conditions satisfactory in all respects to the Purchaser. If any of the terms and conditions of the JTC and relevant authority approvals so far as they are applicable to the Purchaser, are deemed by the Purchaser not to be satisfactory to the Purchaser, then the Purchaser shall be entitled to notify the Vendor in writing of such unsatisfactory terms and conditions and upon notification, the JTC and relevant authority approvals shall be deemed not to have been granted;
- (b) the Vendor obtaining by the Satisfaction Date or the New Satisfaction Date, as the case may be, the Vendor’s board and shareholder’s approvals; and
- (c) the parties fulfilling their respective obligations as set out in the Agreement.

- 5.2 If the Conditions Precedent are not satisfied by the Satisfaction Date, the Vendor and the Purchaser shall use their best endeavours to agree to a new Satisfaction Date, failing which the new Satisfaction Date shall be deemed to be a date falling 30 days after the Satisfaction Date (the “**New Satisfaction Date**”).

5.3 If the Conditions Precedent are not satisfied by the New Satisfaction Date, either party may elect to terminate the Agreement by notice in writing to the other party.

5.4 **Lease Agreement**

As stated in Section 3 above, the Property is sold subject to the Lease Agreement whereby the Purchaser shall grant to the Vendor and the Vendor shall accept the lease of the Property for an initial term of 7 years commencing from the date of the Lease Agreement ("**Term**"), renewable for a further term of 7 years commencing on the day after the date of expiry of the Term at the rent and on the terms and conditions as set out in the Lease Agreement.

Under the Lease Agreement, the Company shall undertake to procure the Vendor to:

- (a) punctually pay the rent, service charge and other sums payable thereunder; and
- (b) perform the Vendor's obligations thereunder.

6. **USE OF PROCEEDS**

If the Proposed Disposal proceeds to Completion, the Company will receive net proceeds (after deducting the costs and expenses relating to the Proposed Disposal) of approximately S\$13,780,000. The excess of the net proceeds over the carrying amount of the Property is approximately S\$2,888,000.

Proceeds from the Proposed Disposal will further strengthen the financial resources of the Company for expansion of its core business and place the Company in a better position to consider future acquisitions, joint ventures or other business opportunities to propel the growth of the Company and its subsidiaries (the "**Group**") in the global print market.

7. **FINANCIAL EFFECTS**

7.1 **Assumptions**

For illustrative purposes only, the financial effects of the Proposed Disposal on the net tangible assets ("**NTA**") per share and earnings per share, based on the audited consolidated financial statements of the Group for the financial year ended 31 July 2007, are set out below.

7.2 **NTA**

Assuming that the Proposed Disposal had been completed on 31 July 2007, being the end of the most recently completed financial year, and based on the Group's audited consolidated financial statements as at 31 July 2007, the effect on the NTA per share of the Group as at 31 July 2007 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	37,748	40,636
NTA per Share (cents)	2.7	2.9

7.3 Earnings per share

Assuming that the Proposed Disposal had been completed on 1 August 2006, being the beginning of the most recently completed financial year, and based on the Group's audited consolidated financial statements for the financial year ended 31 July 2007, the effect on the earnings per share of the Group for the financial year ended 31 July 2007, after adjusting for the gain on disposal of property, higher interest income and occupancy costs, lower depreciation and tax expense, would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Profit after tax and minority interests (S\$'000)	7,087	9,006
Weighted average number of Shares ('000)	1,312	1,312
Earnings per Share (cents)	0.54	0.69

The gain on disposal of property is computed based on the net proceeds (after deducting the costs and expenses relating to the Proposed Disposal) less the carrying amount of the Property as at 1 August 2006.

8. APPROVAL OF SHAREHOLDERS

8.1 Proposed Disposal

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual, are as follows:-

Rule	Bases	Relative Figures (%)
(a)	Net asset value of the Property compared with the net asset value of the Group based on the latest announced consolidated accounts ⁽¹⁾	10.6%
(b)	Net profits attributable to the Property compared with the Group's net profits based on the latest announced consolidated accounts ⁽¹⁾	41.9%
(c)	Aggregate value of the Sale Consideration compared with market capitalisation of the Company as at 14 November 2007 ⁽²⁾	7.2%
(d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable

Notes:-

(1) The latest announced consolidated accounts as at 31 July 2007.

(2) 14 November 2007 is the market day preceding the date of the Agreement in accordance with the requirements of the Listing Manual.

As the relative figure under Rule 1006 (b) exceeds 20%, the Proposed Disposal constitutes a major transaction as defined under Chapter 10 of the Listing Manual. Accordingly, the Proposed Disposal is subject to the approval of Shareholders in a general meeting.

8.2 Lease of the Property

As the lease of the Property pursuant to the Lease Agreement will not constitute an acquisition or disposal of an asset under Chapter 10 of the Listing Manual, the Company is of the view that the lease of the Property does not require the approval of Shareholders.

8.3 Extraordinary General Meeting

A circular setting out further information and details of the Proposed Disposal, together with a notice of the extraordinary general meeting to be convened, will be despatched to the Shareholders in due course.

9. FURTHER INFORMATION

9.1 Directors' Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9.2 Interests of Directors and Substantial Shareholders

None of the Directors, Controlling Shareholders and Substantial Shareholders has any interest, direct or indirect, in the Proposed Disposal.

9.3 Documents for Inspection

Copy of the Agreement dated 15 November 2007 is available for inspection by shareholders during normal business hours at the registered address of the Company at 1 Kallang Way 2A, Singapore 347495, for 3 months from the date of this announcement.

BY ORDER OF THE BOARD OF
XPRESS HOLDINGS LTD

Sam Chong Keen
Chief Executive Officer
15 November 2007