

XPRESS HOLDINGS LTD
Registration No. 1999025058Z
(Incorporated in Singapore)

RESPONSE TO SGX IN RELATION TO XPRESS HOLDINGS LTD'S (THE "COMPANY") ANNOUNCEMENT ON SECOND QUARTER RESULTS.

The Board of Directors wishes to inform that SGX has raised some questions regarding the Company's second quarter results and the Company's responses to the queries are as follows:-

Queries from SGX:

We note that the Company's trade receivables balance increased by 51.7% from \$15.1m to \$22.9m as at 31 January 2009. The Company had explained that the increase was due to increased sales from the Group's PRC customers and the need to grant certain key customers credit terms of 180 days in 1Q2009. In this regard, please disclose the aging schedule of the trade receivables balance as at 31 January 2009 and to also disclose whether there are any collectibility issues with regards to the amount outstanding by the key customers. To also disclose whether any provision for doubtful debts needs to be made.

Response by Company:

<u>Aging of trade receivables (S\$'000):</u>	<u>At 31/01/09</u>
Current	9,178
30 to 60 days	9,487
60 to 90 days	1,647
90 to 180 days	2,348
180 to 360 days	280
> 360 days	532
Less: Allowance for doubtful receivables	(540)
	22,932

The Group assesses the trade receivables and its collectability on an ongoing basis and allowances for doubtful receivables (mainly for Singapore clients) are made for those trade receivables that are past due and are uncollectible. Most uncollectible trade receivables arises due to:

- Customers undergoing closure or forced liquidation and/or;
- Litigation against customers and/or;
- Customers have demonstrated they have no ability to repay, e.g. accounts show it is not a going concern and/or;
- Receivables are more than 360 days old.

It is the Group's policy to fully provide for trade receivables that are more than 360 days old. As can be seen in the table above, the Group has complied fully with this policy.

The trade receivables of \$280K that are between 180 to 360 days old are sizeable due to certain clients who encountered cash-flow difficulties. In FY 2008, the Group reached an agreement with these customers who now are paying on an installment basis. These customers have met every installment and the Group is confident that it will collect all the amounts due by these customers.

Receivables between 30 to 180 days are mainly due from key customers in China. These customers are large publishers in the PRC market. It is industry practice to grant such significant publishers credit terms of 180 days or more. However, the Group only grants such long credit terms to publishers who have demonstrated a good payment history over a period of time, typically at least 12 months. The Group maintains very close working relationship with these publishers and there have been no issues with past collections.

Of equal importance is that the level of receivables at 31 January 2009 would have been lower had it not been for the Chinese New Year shutdown for our PRC operations which fell in January this year. The level of collections in the PRC is also traditionally lower during the Chinese New Year period. Subsequent to 31 January 2009, approximately S\$3.5 million was collected from key customers as reflected under the trade receivables falling mainly under the 60 to 90 days and 90 to 180 days bands.

Given the above, the Group is of the opinion that its net receivables shown are collectable and that the allowance for doubtful receivables made is adequate.

By Order of the Board

POH ENG SENG
Chief Executive Officer
17 March 2009