

XPRESS HOLDINGS LTD

Registration No. 1999025058Z

(Incorporated in Singapore)

PARTIAL DISPOSAL OF EQUITY INTEREST IN ASSOCIATED COMPANY – SHENZHEN JIAXINGDA CO., LTD

1. Introduction

The Board of Directors (the "Board") of Xpress Holdings Ltd (the "Company" or "Xpress") is pleased to announce that the Company had on 29 July 2009 entered into a total of 3 Sale and Purchase Agreements ("S&P") with Ms. Lin Li Ying, Ms. Kuan Yu Hsien and Mr. Shu, Tony Yi-Cheun respectively (collectively known as the "Purchasers") to dispose of to the Purchasers, a total of 10.1% equity interest held in the capital (the "Disposal") of Shenzhen Jiaxinda Co., Ltd ("Jiaxinda"), incorporated in the People's Republic of China, for an aggregate consideration of Rmb 37.9 million or S\$8.4 million (the "Purchase Consideration"). Subject to discussion with the Company's auditors, the consolidated results of the Company and its subsidiaries (the "Group") for the financial year ending 31 July 2009 may include a profit of approximately S\$5.1 million upon completion of the Disposal. Consequent to the Disposal, the equity interest held by the Company in Jiaxinda decreased from 30% to 19.9% and Jiaxinda will cease to be an associate of the Company.

2. Principal Business of Shenzhen Jiaxinda Co., Ltd

The principal business of Jiaxinda is the provision of large-volume print related services.

3. Purchase Consideration and Conditions

The aggregate Purchase Consideration payable to the Company in cash for the Disposal is Rmb 37.9 million or S\$8.4 million. The Purchase Consideration was arrived on a willing-buyer and willing-seller basis having regard to the adjusted net tangible assets of Jiaxinda of Rmb 374.3 million or S\$83.2 million as at 30 June 2009.

The Purchase Consideration will be paid by the Purchasers to the Company in cash in the following manner:

- (i) 10% of the Purchase Consideration within 7 days from the date of the execution of the S&P; and
- (ii) the balance 90% of the Purchase Consideration, (a) if the transfer date falls before 15 September 2009, by 15 September 2009; and (b) if the transfer date is after 15 September 2009, by the date falling 7 days after the transfer date.

The obligation of the parties to effect the transfer of the Sale Equity is conditional upon *inter alia* the 10% of the Purchase Consideration being paid in full and approval for the transfer being obtained from the Shenzhen Bureau of Trade and Industry.

4. Rationale for the Disposal

The rationale for the disposal is as follows:

- (i) Following the reduction in the Company's cash position due to the repayment of the Company's convertible Bond, the Board believes it is prudent to take this opportunity to convert part of its holding in Jiaxinda into cash.
- (ii) The Board, on the advice of its professional advisors, have decided to retain 19.9% thereby making Jiaxinda an investment.
- (iii) To use the cash raised to expand our own core business vertically, by adding more print management services and by offering supply chain management, and geographically.

5. Use of Proceeds

The Company expects to receive net proceeds of approximately S\$8.2 million after related expenses from the Disposal. The net proceeds from the Disposal will be used for working capital for the Group.

6. Net Profit Attributable to Assets Sold

The net profit attributable to the Disposal for the nine months ended 30 April 2009 was S\$241,000. After taking into account the share of post-acquisition profits in relation to the Disposal, and subject to discussion with the Company's auditors, the Group may book a profit of approximately S\$5.1 million upon completion of the Disposal.

7. Illustrative Financial Effects

For illustrative purposes, the tables below shows the financial effects of the aforesaid Disposal on the consolidated net tangible assets ("NTA") and earnings per share ("EPS") of the Group based on the latest audited financial statements of the Group for the financial year ended 31 July 2008 and assuming that the Group books a profit of S\$5.1 million.

	Before the Disposal (Cents)	After the Disposal (Cents)
Effects of the Disposal on the net tangible assets value per share assuming that the Disposal has been completed on 31 July 2008	3.4	3.8
Effects of the Disposal on the earnings per share assuming that the Disposal has been completed on 1 August 2007	0.74	1.06

8. Relative Figures Computed Based on Rule 1006 of the Listing Manual

1006 (a)	Net Asset Value Test	Based on the unaudited financial statements of the Group for the nine months ended 30 April 2009, the net asset value of the assets that were disposed of being approximately S\$3.3 million represents approximately 2.8% of the Group's net asset value of approximately S\$116.6 million.
1006 (b)	Profits Test	Based on the unaudited financial statements of the Group for the nine months ended 30 April 2009, the net profit attributable to the assets that were disposed of being approximately S\$0.24 million represents approximately 4.1% of the Group's net profit of approximately S\$5.92 million.
1006 (c)	Consideration Test	The Purchase Consideration of Rmb 37.9 million or S\$8.4 million represents approximately 6.4% of the Company's market capitalisation of approximately S\$131.3 million at 29 July 2009 (the market day preceding the date the S&P was executed).
1006 (d)	Equity Securities Test	Not applicable.

As none of the relative figures computed on the bases set out above has exceeded 20%, shareholders' approval is not required for the Disposal.

9. Service Contracts

No service contracts will be entered into in connection with this transaction.

10. Interest of Directors or Substantial Shareholders

Save for Mr Fong Kah Kuen, who is a substantial shareholder of Xpress and a Director of Jiaxinda, and Mr Darlington Tseng Te-Lin, who is a Director of both Xpress and Jiaxinda, none of the other Directors and substantial shareholders of the Company has any interest, direct or indirect, in Jiaxinda.

FOR AND ON BEHALF OF THE BOARD

POH ENG SENG
Chief Executive Officer
29 July 2009