

**PLACEMENT AGREEMENT RELATING TO THE PROPOSED SUBSCRIPTION OF SHARES IN
THE CAPITAL OF XPRESS HOLDINGS LTD AND PROPOSED ISSUE OF DETACHABLE FREE
WARRANTS**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Xpress Holdings Ltd (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) refers to the Company’s announcement dated 5 December 2014 relating to the memorandum of understanding (the “**MOU**”) between the Company, Mr. Ma Wei Dong (the “**Investor**”) and Mr. Fong Kah Kuen @ Foong Kah Kuen (the “**Founder**”) on 5 December 2014 (the “**MOU Announcement**”).

The Board wishes to announce that further to the signing of the MOU, the Company has entered into a placement agreement with the Investor on 5 January 2015 (the “**Placement Agreement**”), pursuant to which, *inter alia*, (i) the Company shall issue and the Investor shall subscribe for 1,100,000,000 new ordinary shares (“**Placement Shares**”) of the Company at an issue price of S\$0.007 per Placement Share (the “**Proposed Subscription**”) and (ii) the Company shall issue to the Investor 2,200,000,000 unlisted and detachable free warrants (the “**Warrants**”), each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company (each a “**New Share**”) at the Exercise Price (as defined below) for each New Share, on the basis of two Warrants for every Placement Share subscribed by the Investor.

2. RATIONALE FOR THE PROPOSED SUBSCRIPTION

As stated in the MOU Announcement, the Proposed Subscription is being carried out to enable the Company to augment its cash flow and improve working capital for expansion purposes.

3. THE INVESTOR

The Company has appointed a financial advisor, Terranova Group Limited (the “**Financial Advisor**”), to introduce potential investors to the Company for a fund raising exercise. The Investor was subsequently introduced by the Financial Advisor to the Company. After discussions with the Investor, the Company was of the view that it would be in the interest of the Company to have the Investor as a shareholder, as the Investor was supportive of the Company’s business model and plans, and was able to enter into the Placement Agreement on terms mutually acceptable to the parties. The Investor is the Chairman of the Board of Directors of Kunming LuChen Group Co., Ltd. and has entered into the Proposed Subscription in his individual capacity.

The Investor has no connection (including business dealings) with the Company, its controlling shareholders or its directors, and will not hold the Placement Shares and New Shares in trust or as nominee for other persons.

4. PRINCIPAL TERMS OF PLACEMENT AGREEMENT

The principal terms of the Placement Agreement are as follows:

4.1 Placement Shares and Subscription Price

The Investor shall subscribe for 1,100,000,000 ordinary shares in the capital of the Company, ranking in all respects *pari passu* with the Company's existing shares listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"), at a subscription price of S\$0.007 per Placement Share (the "**Subscription Price**").

Upon the completion of the Proposed Subscription ("**Completion**"), the Placement Shares will represent approximately 31.00 per cent.¹ of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company.

Each Placement Share will come with two free detachable Warrants on the basis of two free Warrants for every one Placement Share. Each Warrant will carry the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.007 (the "**Exercise Price**"). The Warrants shall have an expiry date of 5 years from the date of issue.

The Investor is entitled but not obliged to exercise all Warrants. If all the Warrants are fully exercised by the Investor, the Company will issue 2,200,000,000 new ordinary shares to the Investor, which when aggregated with the Placement Shares, will represent approximately 57.41 per cent.¹ of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company.

Following Completion, if all the Warrants are fully exercised by the Investor (in his sole discretion), the Company will receive over S\$23 million in aggregate from the Investor.

4.2 Board Representation

Upon the execution of the Placement Agreement, the Investor shall be entitled to nominate a person and the Company shall appoint such nominated person as a director of the Company at such time to be elected by the Investor.

Upon Completion, the Investor shall be entitled to appoint such number of additional directors, including the appointment of a director to be the chairman of the board, to form the majority of the board of directors of the Company.

4.3 Conditions Precedent

The conditions precedent to the Proposed Subscription comprise the following:

- (i) to the extent permitted by law and the SGX-ST Listing Manual (the "**Listing Manual**"), the Investor having undertaken and completed its due diligence investigations (including both financial and legal due diligence investigations) in respect of each of the Company and its subsidiaries, the results of such due diligence investigations being to the reasonable satisfaction of the Investor;
- (ii) the Investor obtaining a whitewash waiver by the Securities Industry Council ("**SIC**") of the requirement for the Investor and its concert parties to make a mandatory general offer for the shares of the Company not already owned by the Investor or its concert parties arising from or in connection with its subscription of the Placement Shares and/or new shares, and if granted subject to conditions, such conditions being acceptable to the Investor ("**Whitewash Waiver Ruling**");
- (iii) a resolution passed by way of a poll by shareholders independent of the Investor and its concert parties to waive their rights to receive a general offer from the Investor and parties acting in concert with the Investor arising from and in connection with its subscription of the Placement Shares and/or New Shares (the "**Whitewash Waiver**"),

¹ Based on the Company's share capital of 2,447,927,123 shares (excluding treasury shares) as at the date of this Announcement.

and fulfillment of other relevant terms and conditions (if any) of the Whitewash Waiver Ruling of the SIC;

- (iv) the receipt by the Company of an approval in-principle for the listing and quotation of the Placement Shares and the New Shares (where applicable) on the SGX-ST (on conditions, if any, acceptable to the Investor in its absolute discretion) having been obtained and remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before the date of Completion (the "**Completion Date**"), such conditions fulfilled;
- (v) the Company having obtained all corporate and shareholders' approvals in respect of the allotment, issue and subscription of the Placement Shares, the issue of the Warrants and the New Shares, and all the transactions ancillary to or contemplated thereto and such approvals remaining in full force and effect on Completion and, if such approvals are subject to any conditions which are required to be fulfilled on or prior to Completion, such conditions are being fulfilled;
- (vi) the Company having obtained all consents, approvals and authorizations from third parties (including financial institutions) and governmental body or authority (including but not limited to the SGX-ST and the SIC) required for or in connection with the execution of this Agreement and if such consents, approvals and authorizations are subject to any conditions, such conditions being acceptable to the Investor in its absolute discretion;
- (vii) the fulfillment of all conditions precedents in the Loan Agreement (as defined below);
- (viii) receipt by the Investor of a deed of indemnity executed by the Founder to indemnify the Investor for all indebtedness and liabilities (including contingent, potential and/or ancillary claims and liabilities) of the Group incurred before the Completion Date, and which are not reflected in the unaudited financial statements of the Company for the fourth quarter and full year ended 31 July 2014;
- (ix) there being no suspension for more than 3 days by the SGX-ST of the trading of the Company's shares (other than a trading halt on a temporary basis as requested by the Company) or a delisting of the Company's shares;
- (x) the allotment, issue and subscription of the Placement Shares and the allotment and issue of the Warrants and the New Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of this Agreement by any legislative, executive or regulatory body or authority of Singapore (including the SGX-ST and the SIC) which is applicable to the Company or the Investor;
- (xi) the Company has complied with or will comply (before Completion) with all legal and other requirements necessary for the issue of the Placement Shares and performance of its obligations under the Placement Agreement; and
- (xii) on the Completion Date, the representations and warranties of the Company and the Investor herein being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Company and the Investor having performed in all material respects all of their obligations hereunder to be performed on or before the Completion Date.

4.4 Cut-Off Date

If any of the conditions precedent set forth above is not satisfied (or waived) within four months from the date of the Placement Agreement or such other date as the Company and Investor may agree in writing, the Placement Agreement will cease.

4.5 Indemnity

Each of the Company and the Investor covenants and agrees to indemnify and to hold the other party harmless against any and all claims, threats, suits, damages, penalties, liability, costs and expenses (including without limitation legal fees, costs and disbursements) incurred, suffered or expended by or threatened against the other party as a consequence of any breach by the Company or the Investor (as the case may be) of any warranty, representation, or undertaking set out in the Placement Agreement and any failure by the Company or the Investor (as the case may be) to perform any of its obligations under the Placement Agreement.

5. **LOAN BY THE INVESTOR**

As previously stated in the MOU Announcement, the Investor would grant a loan of RMB10,000,000 to the Company, subject to the terms and conditions of a loan agreement to be entered into between the Investor and the Company. Further to the discussions between the Investor and the Company, the parties agreed to reduce the loan amount to RMB5,000,000 (the “**Loan**”) and have executed a loan agreement dated 5 January 2015 (the “**Loan Agreement**”) to set out the terms and conditions of the Loan. As at the date of this Announcement, the Loan has been disbursed by the Investor to the Company.

6. **USE OF PROCEEDS**

S\$7,000,000 of the the proceeds from the Proposed Subscription are intended to be used to settle the outstanding payables of the Company and working capital requirements, which include claims from landlords, retirement of loans from financial institutions and other loans. The remaining S\$700,000 of the proceeds will be used set aside to pay the professional and administrative fees which are incurred in connection with the Proposed Subscription

7. **INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Subscription, other than through their respective directorships and shareholdings in the Company.

8. **EXTRAORDINARY GENERAL MEETING**

The Company will convene an extraordinary general meeting (“**EGM**”) to seek the approval of shareholders for, *inter alia* (i) the Proposed Subscription and (ii) the Whitewash Waiver. A circular containing, *inter alia*, further information on the Proposed Subscription and the Whitewash Waiver, and the notice to convene the EGM will be despatched by the Company to shareholders in due course.

By Order of the Board
XPRESS HOLDINGS LTD

Fong Kah Kuen
Non-Executive Director
6 January 2015