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

PROPOSED ACQUISITION OF 70% OF THE ENTIRE ISSUED SHARE CAPITAL OF AMPLIFY ME PTE. LTD.

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1. INTRODUCTION

The board of directors ("**Directors**" or the "**Board**") of Xpress Holdings Ltd ("**Company**", together with its subsidiaries, "**Group**") refers to the announcement made by the Company on 16 May 2016 in relation to the execution of a memorandum of understanding with Mr Shaun Lee Hong Wei ("**Vendor**") in respect of the Company's (or its nominee company's) proposed acquisition ("**Proposed Acquisition**") of 14,000 ordinary shares ("**Target Shares**") representing 70% of the entire issued share capital of Amplify Me Pte. Ltd. ("**Target Company**").

The Board wishes to announce that the Company has on 11 June 2016 entered into a conditional sale and purchase agreement ("**SPA**") with the Vendor in respect of the Proposed Acquisition.

2. INFORMATION ON THE TARGET COMPANY

The Target Company, a private company incorporated in Singapore on 25 September 2013, is principally engaged in the development of e-commerce applications and web portals (including social networking sites).

As at the date of this announcement, the Target Company has an issued share capital of S$20,000 comprising 20,000 ordinary shares. The Vendor who is the founder and director of the Target Company is also the registered owner of the entire issued share capital of the Target Company.

As at the date of this announcement, the Vendor does not have any shareholding interests (direct or indirect) in the Company, and is not related to any of the Company's Directors, chief executive officer, or controlling shareholder, or their respective associates.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The current core business of the Group includes the provision of a complete spectrum of integrated print solutions from pre-press processes to production systems as well as global distribution and delivery.

In line with the Company's stated intention to build a sustainable and profitable Xpress Group, the Board has been actively exploring various investment targets. The Board's strategy is to broaden the Xpress Group's revenue streams and facilitate sustained profitability through selective investments into new business segments and to form strategic alliances with experienced and local partners. The Proposed Acquisition serves as part of the Group's ventures to expand into the e-commerce industry.

Specifically, the Company intends to tap on the opportunities of the rising demand for online and mobile applications using Smart Technology to provide business solutions to retailers as well as end user consumers. It is expected that the Proposed Acquisition will offer a steady income stream underpinned by the proprietary software and applications which the Target Company has developed. The Proposed Acquisition is therefore consistent with the Company's strategy to actively pursue new business opportunities to widen its revenue streams and deliver positive value to shareholders.

4. PURCHASE CONSIDERATION

4.1 The total purchase consideration payable by the Company to the Vendor for the Target Shares ("**Purchase Consideration**") shall comprise of:

(a) S$500,000, in cash, payable in part by way of a refundable deposit of S$150,000 on or before 14 June 2016, the remainder of which shall be settled on completion date; and

(b) the allotment and issuance by the Company to the Vendor on completion of such number of consideration shares calculated based on S$500,000 divided by the issue price of S$0.75 for each share and credited as fully paid up in the capital of the Company ("**Consideration Shares**"), subject to the moratorium restrictions set out below.

4.2 The number of Consideration Shares to be allotted and issued to the Vendor shall be rounded down to the nearest whole number where there are fractional entitlements based on the issue price. Based on the issue price of S$0.75, the number of Consideration Shares to be issued to the Vendor on completion shall be 666,666.

4.3 The issue price of S$0.75 for each Consideration Share was arrived at taking into account the trading price of the shares of the Company on the date of the SPA.

4.4 The Vendor agrees and undertakes that he shall, and shall procure his nominees (if any) to, execute such moratorium undertaking substantially in agreed format not to, directly or indirectly, sell, contract to sell, offer, realise, transfer or otherwise dispose of any of the Consideration Shares which may be issued to him for a period of six (6) months commencing from the date of receipt of the Consideration Shares.

4.5 The Purchase Consideration was arrived at on a willing buyer willing seller basis, taking into account the operating track record and future potential of the Target Company. The Proposed Acquisition will be funded by the Group's internal resources.

5. SALIENT TERMS OF THE CONDITIONAL SALE AND PURCHASE AGREEMENT

5.1 Material Conditions Precedent

The material conditions precedent to the Proposed Acquisition are as follows ("**Conditions Precedent**"):

(a) the completion by the Company of the legal, financial, operational, tax and other due diligence on the affairs of the Target Company and the results of such due diligence being satisfactory in the reasonable opinion of the Company;

(b) the delivery to the Company of the financial statements and/or management accounts of the Target Company which are prepared in accordance with the Singapore Financial Reporting Standards evidencing that the Target Company has a minimum of S$1,500,000 historical gross revenue;

(c) if required, the Company using all reasonable efforts to procure the passing of resolution(s) by the shareholders of the Company approving the transactions contemplated by the SPA and/or any ancillary agreement, including the allotment and issuance of any new ordinary shares in the capital of the Company required to be allotted and issued to the Vendor;

(d) the respective parties having obtained all necessary approvals and consents from all relevant governmental, regulatory, judicial or other authorities and third parties (including financial institutions) in respect of the sale and purchase of the Target Shares which are applicable to them, including but not limited to:

(i) the issue of a listing and quotation notice by the SGX-ST for the Consideration Shares;

(ii) in-principle approval from the SGX-ST having been given and not having been withdrawn for the admission of the Consideration Shares to the Mainboard of the SGX-ST and the dealing of the Consideration Shares on the Mainboard of the SGX-ST, upon allotment and issue;

(iii) the approval of any financial institution which may be required for the sale and purchase of the Target Shares (including the issue of the Consideration Shares) both under the terms of the Company's agreements with such financial institutions, and under the terms of the financing documents involving the Vendor and/or the Target Company which the Vendor and the Company shall procure using all reasonable efforts; and

(iv) the approval of any third party which may be required for the sale and purchase of the Target Shares under the terms of the agreements involving the Vendor and/or the Target Company with such third party, including but not limited to, the approvals or consents of SPRING Singapore, the Infocomm Development Authority of Singapore and other governmental bodies which the Vendor shall procure, and the status of the Target Company as a pre-approved vendor by such bodies not being affected by the sale and purchase of the Target Shares,

and if such approval is obtained subject to any conditions (including the provision of moratorium undertakings, if any), such conditions being acceptable to the Company or the Vendor (as the case may be) in their reasonable discretion, and if such conditions are required to be fulfilled before completion date, such conditions being fulfilled before such date, and further subject to such approvals not being revoked or repealed on or before the completion date;

(e) the receipt by the Company of a duly executed moratorium undertaking in the agreed form;

(f) the execution of a service agreement between the Target Company and the Vendor which contains, amongst others, the salient terms to reflect the following:

(i) the Vendor's employment as the CEO and founder of the Target Company for a fixed term of three (3) years commencing from the Completion Date and which is renewable for a period of three (3) years from time to time; and/or

(ii) such other terms as mutually agreed between the Vendor and the Company;

(g) the rectification, to the reasonable satisfaction of the Company, by the Vendor and the Target Company, of all issues or irregularities discovered by the Company during the due diligence exercise;

(h) there having been no material adverse change to the business, operations, assets, financial condition, turnover or prospects of the Target Company prior to completion;

(i) the receipt of a written confirmation from the Vendor confirming that there is no amount owing to both the Vendor and his affiliates by the Target Company at completion and both the Vendor and his affiliates agree to waive all rights and claims against the Target Company in relation to the amounts owing to them prior to completion; and

(j) the representations and warranties of the parties being true, accurate and correct in all material respects as if made on the completion date, with references to the then existing circumstances and the parties having performed in all material respects of all his or its obligations under the SPA which are required hereunder to be performed on or before the completion date.

6. VALUATION OF AND NET PROFITS ATTRIBUTABLE TO THE TARGET SHARES

6.1 Net asset value of the Target Shares

Based on the unaudited financial statements of the Target Company as at 31 January 2016, the net asset value of the Target Shares is approximately S$186,000.

6.2 Net profits attributable to the Target Shares

Based on the unaudited financial statements of the Target Company as at 31 January 2016, the net profits attributable to the Target Shares comprising 70% of the entire issued share capital of the Target Company is approximately S$21,000.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE SGX-ST LISTING MANUAL

Based on the Group's unaudited financial statements for the period ended 31 January 2016, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual are as follows:

Rule 1006(a)	
Net asset value of the assets to be disposed of	Not applicable(1)
Net asset value of the Group	Not applicable(1)
Size of relative figure	Not applicable(1)

Rule 1006(b)	
Net profits attributable to the Target Shares for the half year ended 31 January 2016	S$21,000
Net loss of the Group for the half year ended 31 January 2016	(S$9,238,000)
Size of relative figure	n.m.

Rule 1006(c)	
Aggregate value of consideration to be given(2)	S$1.02 million
Company's market capitalisation	S$74.1 million
Size of relative figure	1.3%

Rule 1006(d)	
Number of equity securities to be issued by the Company as consideration for the Proposed Acquisition(3)	666,666
Number of equity securities in issue	96,198,200
Size of relative figure	0.69%

Rule 1006(e)	
Aggregate volume or amount of proved and probable reserves to be disposed of	Not applicable(4)
Aggregate of the Group's proved and probable reserves	Not applicable(4)
Size of relative figure	Not applicable(4)

n.m. – not meaningful

Notes:

(1) This basis is not applicable as the Company will not be disposing of any assets pursuant to the Proposed Acquisition.

(2) The aggregate value of the consideration to be given in respect of the Proposed Acquisition comprises the sum of S$500,000 aggregate cash consideration and the market value of the Consideration Shares based on the weighted average price of the Company's shares transacted on the market day preceding the date of the SPA.

(3) Based on an issue price for each Consideration Share of S$0.75, the number of shares to be issued by the Company as consideration for the Proposed Acquisition is 666,666.

(4) This basis is not applicable as the Proposed Acquisition does not relate to the disposal of mineral, oil or gas assets and the Company is not a mineral, oil and gas company.

The relative figures for the Proposed Acquisition do not exceed 20%. Rule 1007(1) of the Listing Manual of the SGX-ST provides that if any of the relative figures computed pursuant to Rule 1006 is a negative figure, Chapter 10 of the Listing Manual may still be applicable to the issuer at the discretion of the SGX-ST. As the relative figure for Rule 1006(b) above is negative, the Company has consulted the SGX-ST as to whether the approval of the shareholders is required for the Proposed Acquisition. The SGX-ST has informed the Company on 20 May 2016 that it has no objections that shareholder approval is not required for the Proposed Acquisition as a major transaction. Accordingly, the Proposed Acquisition is a discloseable transaction in accordance with the SGX-ST Listing Manual.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition on the Company as set out below are purely for illustrative purposes only. The illustrative financial effects should not be construed to mean that the Company’s actual results, performance or achievements will be as expected, expressed or implied in such financial effects.

The financial effects of the Proposed Acquisition on the Company as set out below are based on the Group’s audited financial statements for the year ended 31 July 2015 and the following assumptions:

(a) the Proposed Acquisition had been effected at the end of the financial year ended 31 July 2015 for the computation of the effect on the net tangible assets (“**NTA**”) per share; and

(b) the Proposed Acquisition had been effected at the beginning of the financial year ended 31 July 2015 for the computation of the effect on the earnings per share (“**EPS**”).

NTA

	Before the Proposed Acquisition	**After the Proposed Acquisition**
NTA attributable to equity holders of the Company (S$’000)	8,446	8,446
Number of ordinary shares in issue (‘000)	3,547,928	3,574,594
NTA per share (Singapore cents)	0.24	0.24

EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit/(loss) attributable to equity holders of the Company (S$'000)	314	349
Weighted average number of ordinary shares in issue ('000)	2,282,470	2,309,136
EPS (Singapore cents)	0.01	0.01

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company (if any). No directors are proposed to be appointed to the Board in connection with the Proposed Acquisition.

10. INSPECTION OF CONDITIONAL SALE AND

A copy of the SPA is available for inspection during normal business hours at the Company's registered office for 3 months from the date of this announcement.

11. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in dealing or trading in the shares of the Company as there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Lim Huan Chiang
Executive Director and Chief Executive Officer
11 June 2016