

XPRESS HOLDINGS LTD
(Incorporated in the Republic of Singapore)
(Company Registration Number 199902058Z)

**RESPONSE TO QUERY REGARDING THE FIRST QUARTER 2015 RESULTS
ANNOUNCEMENT**

The Board of Directors of Xpress Holdings Ltd (the “**Company**”), and together with its subsidiaries, collectively the “**Group**”) would like to respond to the query from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) dated 24 February 2015, regarding the first quarter 2015 results announcement announced on 17 February 2015 (the “**Announcement**”). The Company sets out below its responses to the query of the SGX-ST:

SGX-ST’S QUERY 1:

We note that the Group is in a negative working capital position as at 31 October 2014 and has negative cash flows generated from operating activities of \$104,000 for the quarter ended 31 October 2014. In this regard, please explain whether the Group is able to meet its short-term obligations as and when they fall due, and to provide reasons for your views.

RESPONSE BY THE COMPANY

The Company has on 5 December 2014 announced that it had entered into a memorandum of understanding (the “**MOU**”) with an investor, Mr Ma Wei Dong (the “**Investor**”) in relation to, *inter alia*, a proposed subscription of 1,100,000,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”) at a subscription price of S\$0.007 per Placement Share together with a proposed warrants issue of 2,200,000,000 unlisted and detachable free warrants (the “**Warrants**”) in registered form to be issued by the Company to the Investor (the “**Proposed Subscription**” and the “**Proposed Warrants Issue**” respectively). Pursuant to the MOU, the Investor has disbursed a loan of RMB7,500,000 to the Company.

As announced by the Company on 5 January 2015, the Company entered into a placement agreement (the “**Placement Agreement**”) with the Investor on 5 January 2015. Upon completion of the Proposed Subscription and the Proposed Warrants Issue pursuant to the Placement Agreement, the Company will receive approximately S\$7.7 million.

Further, if all the Warrants are fully exercised by the Investor (in his sole discretion) into 2,200,000,000 new ordinary shares in the capital of the Company (the “**New Shares**”) at an exercise price of S\$0.007 per New Share, the Company will receive over S\$23 million in aggregate (including the S\$7.7 million from the Proposed Subscription and the Proposed Warrants Issue) from the Investor.

The Proposed Subscription and the Proposed Warrants Issue are being carried out to enable the Company to augment its cash flow and improve working capital for expansion purposes. The proceeds from the Proposed Subscription and the Proposed Warrants Issue 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.

In an email on 2 February 2015, the Investor has indicated to Mr Fong Kah Kuen, the founder and non-executive director of the Company, that the Investor's intention to continue and complete the Proposed Subscription and the Proposed Warrants Issue pursuant to the Placement Agreement remains unchanged.

Based on the assurance from the Investor and consequently the prospect of infusion of new capital as targeted, the Board believes that the Company is able to meet its short-term obligations as and when they fall due.

By Order of the Board
XPRESS HOLDINGS LTD

Fong Kah Kuen @ Foong Kah Kuen
Non-Executive Director
25 February 2015