

**XPRESS HOLDINGS LTD**  
(Company Registration No. 199902058Z)  
(Incorporated in Singapore)

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**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S ANNUAL REPORT FOR THE YEAR ENDED 31 JULY 2014**

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The Board of Directors (the “**Board**”) of Xpress Holdings Ltd. (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) refers to the despatch of annual report for the year ended 31 July 2014 on 2 February 2015 to all shareholders. In this regard, the Board would like to respond to the following queries raised by the Singapore Exchanges Securities Trading Limited (the “**SGX-ST**”) on 11 February 2015 (each, a “**SGX Query**”) as follows:

**SGX Query 1**

It is disclosed on page 25 of the Annual Report 2014, “As at 31 July 2014, we have two employees who are related to the Directors of the Company and whose remuneration exceeds S\$50,000 are as follows: (1) Foong Sow Peng (2) Fong Sau Kwan.”

Paragraph 9.4 of the Code of Corporate Governance 2012 (the “Code”) states that for transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee’s relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000. The Company need only show the applicable bands.

As required under Listing Rule 1207(12) of the Listing Manual, please make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the recommendation. Please also provide an upper limit to the band.

**Company’s Response to SGX Query 1**

Ms. Foong Sow Peng and Ms. Fong Sau Kwan are sisters of Mr. Fong Kah Kuen @ Foong Kah Kuen, Non-Executive Director of the Company.

The details of remuneration paid to the immediate family member of Directors of the Company whose remuneration exceeds S\$50,000 are as follows:

<b>Name of Immediate Family Member</b>	<b>Fees %</b>	<b>Salary %</b>	<b>Bonus %</b>	<b>Benefits %</b>	<b>Total %</b>
<b>Above S\$150,000 and below S\$200,000</b>					
Foong Sow Peng	-	100	-	-	100
Fong Sau Kwan	-	100	-	-	100

The Company had disclosed under the section “Remuneration of Employee Related to Director” on page 25 of the Annual Report that save for Ms. Foong Sow Peng and Ms. Fong Sau Kwan, there are no employees who are immediate family member of a Director or CEO whose remuneration exceeds S\$50,000 in the Group’s employment during the financial year under review.

## **SGX Query 2**

It is disclosed on page 26 of the Annual Report 2014, “The Directors have received the assurance from the Group Financial Controller and the Management of the business units in relation to the financial information for the year. Material associates and joint ventures which the Company does not control are not dealt with for the purposes of this statement. The Management and Group Financial Controller have assured the Board that:

- (a) The financial records have been properly maintained and the financial statements for the FY2014 give a true and fair view in all material respects, of the Company’s operations and finances; and
- (b) The Group’s internal control systems are operating effectively in all material respects given its current business environment.

Based on the internal controls established and maintained by the Group, work performed by the IA and external auditors, and reviews performed by the Management, the Board with the concurrence of the AC, is of the opinion that the Group’s risk management system and internal controls are adequate in addressing the financial, operational, compliance and information technology control risks of the Group as at 31 July 2014.”

Paragraph 11.3 of the Code states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls and risk management systems, in the company’s Annual Report. The Board’s commentary should include information needed by stakeholders to make an informed assessment of the company’s internal control and risk management systems. The Board should also comment in the company’s Annual Report on whether it has received assurance from the CEO and the CFO:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company’s operations and finances; and
- (b) regarding the effectiveness of the company’s risk management and internal control systems.

As required under Listing Rule 710, please make disclosures as recommended in the Code or otherwise explain the reason(s) for the deviation.

## **Company’s Response to SGX Query 2**

As the position of the Chief Executive Officer and Executive Director are currently vacant, the Board of the Company have received the assurance from the Group Financial Controller and the Management of the business units that:

- (a) The financial records have been properly maintained and the financial statements for the financial year ended 31 July 2014 give a true and fair view in all material aspects, of the Company’s operations and finances; and
- (b) The Group’s risk management and internal control systems are operating effectively in all materials aspects given its current business environment.

During the financial year under review, the Group did not conduct the internal audit review due to cashflow constraints and various claims from creditors have further drained on the Group’s financial resources. However, the Group had operated under the internal controls

and risk management systems previously established which cater for the Group's higher business volume. In view that the present year business volume is much lower as compared with previous year, the Management have assured the Board that no major lapses were recorded and the existing internal controls and risk management systems are functioning effectively and adequate.

Based on the consideration above, and based on the internal controls and frameworks previously established and being maintained by the Group, work performed by the external auditors, reviews performed by the Management and the confirmation and records provided by the Management that no major lapses were reported, the Board with the concurrence of the AC, is of the opinion that the Group's risk management system and internal controls are effective and adequate in addressing the financial, operational, compliance and information technology control risks of the Group as at 31 July 2014. The Board will continue to conduct a review of the internal controls and risk management systems for the Group.

By Order of the Board  
**XPRESS HOLDINGS LTD**

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