

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

RESPONSE TO QUERIES FROM THE SGX ON THE ANNUAL REPORT 2015

The Board of Directors of Xpress Holdings Ltd (the “**Company**”) (the “**Board**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 20 January 2016 in relation to the Company’s Annual Report for the financial year ended 31 July 2015 (“**FY2015**”) (the “**Annual Report 2015**”) and appends the requisite replies as follows:

SGX Query 1:

- a) Guideline 11.3 of the Code of Corporate Governance 2012 (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:
- (i) 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
 - (ii) regarding the effectiveness of the company’s risk management and internal control systems.

As required under Listing Rule 710, please make disclosure as recommended in the Code; in particular, (i) the opinion of the board on the effectiveness of the internal controls, including financial, operational, compliance and information technology controls and risk management systems; and (ii) the Board’s comment on whether it has received assurance from the CEO and the CFO regarding the effectiveness of the Company’s risk management systems.

Company’s Response:

The Chief Executive Officer and Group Financial Controller have assured the Board that:

- (i) the financial records of the Company have been properly maintained and the financial statements for the FY2015 give a true and fair view in all material respects, of the Company’s operations and finances; and
- (ii) the Company maintains an effective risk management and internal control system. Accordingly, the Board is of the opinion with the concurrence of the AC that the (i) effectiveness of the internal controls and (ii) adequacy and effectiveness of the risk management system of the Company as disclosed on page 24 of the Annual Report 2015 are adequate and effective.

SGX Query 2:

Guideline 9.4 of 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 710, please make disclosure as recommended in the Code; or otherwise disclose and explain any deviation from the recommendation.

Company's Response:

In addition to the disclosure made in page 23 of the Annual Report 2015, the following employees, who are the sisters of Mr. Fong Kah Kuen @ Foong Kah Kuen, the Non-Executive Director of the Company who had resigned on 9 July 2015. The details of their remuneration are as follows:

Name of Immediate Family Memeber	Salary
	%
<u>S\$100,000 to S\$150,000</u>	
Foong Sow Peng	100
Fong Sau Kwan	100

SGX Query 3:

We refer to the Company's announcement on 4 January 2016 regarding the independent auditor of the Company's issue of an "Except for Qualified Opinion" in its independent auditors' report, in respect of the audited financial statements of the Group for the financial year ended 31 July 2015. In this regard, the Company is required to disclose the following information in a clarification announcement via SGXNet by 21 January 2016 (Thursday):-

- a. The Board's confirmation on (i) whether sufficient information is disclosed for the trading of the Company's securities to continue in an orderly manner; and (ii) the basis of its views.

Company's Response:

The Qualified Opinion in the independent auditors' report in respect of the Group's financial statements for the FY2015 is largely focused on the closure of the issues that formed the basis for the auditors' disclaimer of opinion of last year's financial statements.

As described in the independent auditors' report, the auditors have obtained sufficient and appropriate audit evidence to express a true and fair view on the Company's financial statements for FY2015 with the exception of the opening balances of Inventories which they are unable to determine the impact on the current financial year's consolidated statement of comprehensive income arising from adjustments, if any, to these and other opening balances.

The Board did not observe any disorderly trading patterns in the Company's securities following the release of the announcement on 4 January 2016.

Accordingly, the Board is of the opinion that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner. The Board is not aware of any material information that requires disclosure but remains undisclosed as of the date of this announcement.

By Order of the Board

Lim Huan Chiang
Executive Director and Chief Executive Officer
21 January 2016