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

PROPOSED DISPOSAL OF SUBSIDIARIES AND AVAILABLE-FOR-SALE FINANCIAL ASSET

1 INTRODUCTION

The Board of Directors ("**Board**") of Xpress Holdings Ltd (the "**Company**", with its subsidiaries, the "**Group**") refers to the announcement released by the Company on 21 January 2016 in relation to the Company and Xpress Print (Pte) Ltd ("**XPL**"), its wholly owned subsidiary, entering into a non-binding memorandum of understanding with China Gateway (Greater China) Consultants Limited ("**Purchaser**") on 21 January 2016 for the disposal of the Company's entire interest in the issued share capital ("**Sale Shares**") of Xpress Print (Shenzhen) Co. Ltd, Precise Media Group Limited, Xpress Print (K.L.) Sdn Bhd, Xpress Print (H.K.) Limited (collectively, the "**Subsidiaries**") and Shenzhen Jiaxingda Printing Co. Ltd ("**Available-for-sale Financial Asset**") (together with the Subsidiaries, the "**Sale Companies**") to the Purchaser ("**Proposed Disposal**").

The Board wishes to announce that the Company, XPL and the Purchaser have entered into a conditional sale and purchase agreement ("**Agreement**") on 4 March 2016, pursuant to which the Company and XPL will dispose of their entire interest in the Sale Shares to the Purchaser.

The Board also wishes to announce that the Company has appointed NRA Capital Pte. Ltd. as the independent financial advisers to advise the Independent Directors of the Company on the Proposed Disposal.

2 INFORMATION ON THE SALE COMPANIES

Precise Media Group Limited is a wholly owned subsidiary of the Company, incorporated in the British Virgin Islands. It is an investment holding company which has a wholly owned subsidiary incorporated in Hong Kong, Print Planner (Hong Kong) Limited ("**PPHK**"), which is principally involved in the provision of one stop print related services and printer consultancy services. PPHK wholly owns seven subsidiaries incorporated in the People's Republic of China ("**PRC**") located in Shenzhen, Shanghai, Chengdu, Beijing and Shenyang. The seven subsidiaries of PPHK are principally engaged in the provision of pre-press production related technical services, one stop print related services and printer consultancy services.

Xpress Print (Shenzhen) Co., Ltd ("**XPSZ**") is a wholly owned subsidiary of the Company, incorporated in the PRC. XPSZ is principally engaged in the business of providing general printing, multimedia and pre-press services in Shenzhen, PRC, and has four branches located in Xiamen, Wuhan, Changsha and Guangzhou. It also holds a 50% stake in Shenzhen Xpress Wisdom Translation Co. Ltd, incorporated in the PRC, which has been dormant for the past 12 months.

Xpress Print (K.L.) Sdn Bhd ("**XPKL**") and Xpress Print (H.K.) Limited ("**XPHK**") are incorporated in Malaysia and Hong Kong respectively. They are wholly owned subsidiaries of XPL which is wholly owned by the Company. XPKL principally provides general printing services and XPHK is currently dormant. XPHK was previously involved in the general trading business acting as a reseller of printed products for the Group.

Shenzhen Jiaxingda Printing Co. Ltd ("**JXD**") is incorporated in the PRC, and is principally engaged in the business of providing large volume print related services. The Company holds 9.9% of the equity interest in JXD.

Based on the latest announced consolidated audited financial statements of the Group for the financial year ended 31 July 2015 ("**FY2015**"), the net tangible asset value and net loss (before income tax, minority interests and extraordinary items) of the Sale Companies is S$10.9 million and S$0.5 million respectively.

3 INFORMATION ON THE PURCHASER

The Purchaser is incorporated in the British Virgin Islands, and is an investment holding company which has a diversified investment portfolio in media related companies and assets in Asia.

4 RATIONALE

4.1 Subsidiaries

Based on the results for FY2015, the Group incurred a net loss of S$0.5 million and an operating loss of $605,000 (excluding one-off items) attributable to the Subsidiaries, as a result of competition from digital media providers and country-specific economic factors, in particular, the major market of the Group in the PRC. In the financial year ended 31 July 2014, the Group also suffered an impairment loss on goodwill of S$64.5 million that was attributable to the PRC operations.

Over the past two years, the Group's effort on upgrading the infrastructure to keep up with the digitalisation of the printing industry has mainly been confined to its Singapore operations which remained profitable. This was helped by Singapore being an open economy having an abundance of skilled manpower resources. However, the Group's foreign operations, particularly in the PRC, faced a shortage of the required skilled labour to effect such a transformation, in addition to keen competition from digital media providers and country-specific economic factors. Consequently, the Group's operations in these geographical regions have continued to experience declining revenues and sustained losses as reported in the recent previous quarters.

The Group's only subsidiary in Malaysia, XPKL, also continues to be loss-making owing to the poor state of the Malaysian economy.

The Subsidiaries operate in geographical regions where the printing industry is becoming increasingly competitive amidst a shrinking market and the Group lacks the required manpower and financial resources to cope effectively with the challenges on a large scale. Accordingly, the Board believes that the Proposed Disposal of the loss-making Subsidiaries will allow the Group to streamline its structure, reduce its fixed operating costs and minimise the future losses to the Group. The Proposed Disposal will also enable the Company to free up its resources and capital for allocation to its other profitable operations.

With a leaner organisational structure, the Board and management can allocate more of its time and resources to pursue new business opportunities that will increase the number of revenue streams for the Group and deliver positive value to shareholders.

As restructuring the Subsidiaries requires further investment in capital outlay and highly-skilled human resources which carries high business risks with an uncertain investment horizon and the sale of the Subsidiaries enables the Group to realise more value than voluntarily liquidating the Subsidiaries, the Board has decided to sell the Subsidiaries through the Proposed Disposal instead of restructuring the Subsidiaries or voluntarily liquidating the Subsidiaries.

4.2 Available-for-sale Financial Asset

The Company's 9.9% equity interest in JXD was fully impaired in FY2015. Based on JXD's latest available statutory accounts for the financial year ended 31 December 2014, JXD incurred a net loss and is in a negative equity position. JXD's management has represented that they are not optimistic about a positive turnaround in the near future and will possibly need further capital funding in the short term. As the Board does not intend to fund any more capital injection into JXD, the Proposed Disposal is viewed as an opportune time to dispose of the investment.

5 PRINCIPAL TERMS OF THE AGREEMENT

5.1 Conditions Precedent

Completion of the Proposed Disposal ("**Completion**") is conditional upon:-

(a) the Purchaser being satisfied with the results of the legal, tax and financial due diligence exercises to be carried out on the Sale Companies by the Purchaser and/or its professional advisers;

(b) the delivery by the Purchaser to the Company and XPL of a duly executed corporate guarantee for the entire sum of the Consideration (as defined below) provided by a third party in a form satisfactory to the Company and XPL;

(c) if required, the approval of the shareholders of the Company ("**Shareholders**") being obtained for the disposal of the Sale Shares pursuant to Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**"); and

(d) if required, such consents or approvals as may be necessary from any third party, governmental or regulatory body or relevant competent authority having jurisdiction over the transactions contemplated under the Agreement, and the entry into and Completion of the Agreement by the Company, XPL and the Purchaser, being granted or obtained and not withdrawn or revoked and if such consents or approvals are granted or obtained subject to any conditions.

5.2 Completion

Subject to the fulfilment of the conditions set out in Paragraph 5.1, Completion shall take place within 3 months from 21 January 2016 or such other date as the Company, XPL and the Purchaser may mutually agree in writing ("**Completion Date**").

5.3 Change of Name

Within a period of one month after Completion, the Purchaser shall procure that the name of the Sale Companies and their subsidiaries be changed such that the Sale Companies and their subsidiaries do not use "Xpress" in any part of their names ("**Change of Name**").

Upon the Change of Name, the Purchaser shall only be entitled for a period of 12 months thereafter to use "Xpress" in the expression of the former name of each of the Sale Companies and their subsidiaries.

6 CONSIDERATION AND USE OF PROCEEDS

6.1 Consideration

The consideration for the Proposed Disposal is S$1,000,000 ("**Consideration**"). The Consideration was arrived at on a willing buyer willing seller basis after taking into consideration the estimated realisable value of the assets and liabilities if the Company had undergone a voluntary liquidation of the Sale Companies, net of the consequential costs arising thereof such as professional and legal fees, compensation to terminate employees and penalties for the cancellation of lease contracts. The Consideration of S$1,000,000 offered by the Purchaser was also the highest offer received by the Company.

The Group is expected to record a loss on disposal of the Sale Companies of approximately S$20.9 million which includes the realisation of the accumulated foreign exchange losses of S$10.6 million residing in the Group's currency translation reserve as at the date of the announcement. The Consideration represents a deficit of S$9.3 million over the net tangible asset value of the Sale Companies.

The Purchaser shall pay the Consideration to the Company and XPL according to the following payment schedule:-

(a) S$100,000 shall be paid as a non-refundable deposit upon signing of the Agreement;

(b) S$300,000 shall be paid on the Completion Date;

(c) S$300,000 shall be paid within 6 months after the Completion Date; and

(d) S$300,000 shall be paid within 12 months after the Completion Date.

6.2 Use of Proceeds

The net proceeds from the Proposed Disposal shall be used for general working capital purposes for the Group's Singapore operations.

7 RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

Based on the latest announced unaudited financial statements of the Group for the three months ended 31 October 2015, the relative figures of the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual are as follows:-

Listing Rule	Content	Sale Companies (S$'000)	Group (S$'000)	Percentage (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	10,283	7,506	137
1006(b)	The net profits/(losses) attributable to the assets disposed of, compared with the group's net profits.	(460)	(188)	244
1006(c)	The aggregate value of the consideration received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	1,000	46,800	2.14
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable		

1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

As the relative figures under Rules 1006(a) and (b) exceed 20%, the Proposed Disposal constitutes a "major transaction" as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Disposal is subject to the approval of the Shareholders.

8 FINANCIAL EFFECTS

8.1 Assumptions

The pro forma financial effects of the Proposed Disposal on the net tangible assets ("**NTA**") per share of the Company ("**Share**") and the earnings per Share ("**EPS**") are prepared purely for illustration only and do not reflect the actual future results and financial position of the Company and its subsidiaries ("**Group**") following Completion. The pro forma financial effects have been computed based on the audited consolidated financial statements of the Group for FY2015.

For the purposes of computing the effect of the Proposed Disposal on the NTA per Share, it is assumed that the Proposed Disposal had been completed on 31 July 2015.

For the purposes of computing the effect on the Proposed Disposal on the EPS, it is assumed that the Proposed Disposal had been completed on 1 August 2014.

8.2 NTA per Share

	Before Completion of the Proposed Disposal	**After Completion of the Proposed Disposal**
NTA attributable to Shareholders (S$'000)	8,446	(1,815)
Number of Shares ('000)	3,547,928	3,547,928
NTA per Share attributable to Shareholders (cents)	0.24	(0.05)

8.3 EPS

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
Net profit/(loss) attributable to Shareholders (S$'000)	314	(20,575)
Weighted average number of Shares ('000)	2,282,470	2,282,470
EPS/(LPS) (cents)	0.01	(0.9)

9 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

None of the Directors or controlling shareholder of the Company has any direct or indirect interest in the Proposed Disposal, other than through their respective shareholdings in the Company.

10 DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Disposal.

11 EXTRAORDINARY GENERAL MEETING AND CIRCULAR TO SHAREHOLDERS

A circular to Shareholders setting out information on the Proposed Disposal together with a notice of extraordinary general meeting, will be despatched to Shareholders in due course.

12 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be available for inspection during normal business hours at the registered office of the Company at 61 Tai Seng Avenue, #03-03, Singapore 534167, for three months from the date of this announcement.

13 FURTHER ANNOUNCEMENT

The Company will release further announcement(s) to keep Shareholders informed, as and when there are further updates or developments in due course.

14 CAUTIONARY STATEMENT

Shareholders and potential investors of the Company should exercise caution when trading in the Shares, as there is no certainty that Completion will take place. In the event of any doubt as to the action they should take, Shareholders should consult their financial, tax, legal or other professional advisers.

By Order of the Board

Lim Huan Chiang
Executive Director and Chief Executive Officer
4 March 2016