

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

**RESPONSE TO THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES ON
THE DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS ON THE GROUP'S
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

1. INTRODUCTION

Further to the announcement by Xpress Holdings Ltd (the “**Company**” and collectively with its subsidiaries, the “**Group**”) on 30 January 2015 regarding the disclaimer of opinion included in the report of the independent auditors of the Company in relation to the financial statements of the Group for the financial year ended 31 July 2014, the board of directors of the Company (the “**Board**”) wishes to clarify the announcement in response to the following queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 31 January 2015.

2. QUERIES FROM THE SGX-ST

The Company has been requested by the SGX-ST to disclose the following information:

- (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 for its views; and
- (b) where the Board is of the opinion on whether the Company and the Group can continue as going concerns, the Board should justify the basis of its opinion.

3. RESPONSE BY THE COMPANY

3.1 In relation to the query referred to in paragraph 2(a) above:

- 3.1.1** The Board confirms that, based on the disclosures made by the Company on the SGXNET (including the announcement of 30 January 2015 and this announcement), sufficient information is available for the market to continue trading of the Company's securities in an orderly manner.
- 3.1.2** The Board has reached this conclusion based on the fact that as at the date of this announcement, to the best of its knowledge, all information required to be disclosed by the Company under Rule 703 of the Listing Manual of the SGX-ST has been so disclosed to the public via the disclosures made by the Company on the SGXNET.
- 3.1.3** Further, the annual report of the Company for the financial year ended 31 July 2014 has been despatched to shareholders of the Company and to the SGX-ST on 2 February 2015.

3.2 In relation to the query referred to in paragraph 2(b) above:

- 3.2.1** 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 RMB5,000,000 to the Company.
- 3.2.2** 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.
- 3.2.3** 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.
- 3.2.4** 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 landlord, retirement of loans from financial institutions and other loans.
- 3.2.5** 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.
- 3.2.6** Based on the assurance from the Investor and consequently the prospect of infusion of new capital as targeted, the Board believes that the Company will be able to continue to operate as a going concern.

By Order of the Board
XPRESS HOLDINGS LTD

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