Xpress Holdings Ltd

PROGRESS WITH **CHANGE**

Annual Report 2015

VISION

To lead the time-sensitive printing services industry transformation with reputation for speed, absolute reliability, uncompromising quality, and digital technology.

MISSION

To exceed customers' expectations through service excellence and product innovation; reach and surpass shareholders' expectations by striving for new growth and cost efficiencies; develop employees' potential by providing a challenging, but safe and happy work environment; be fair and considerate to suppliers' needs; and be socially and environmentally conscious, and where possible, to positively contribute back to the society.

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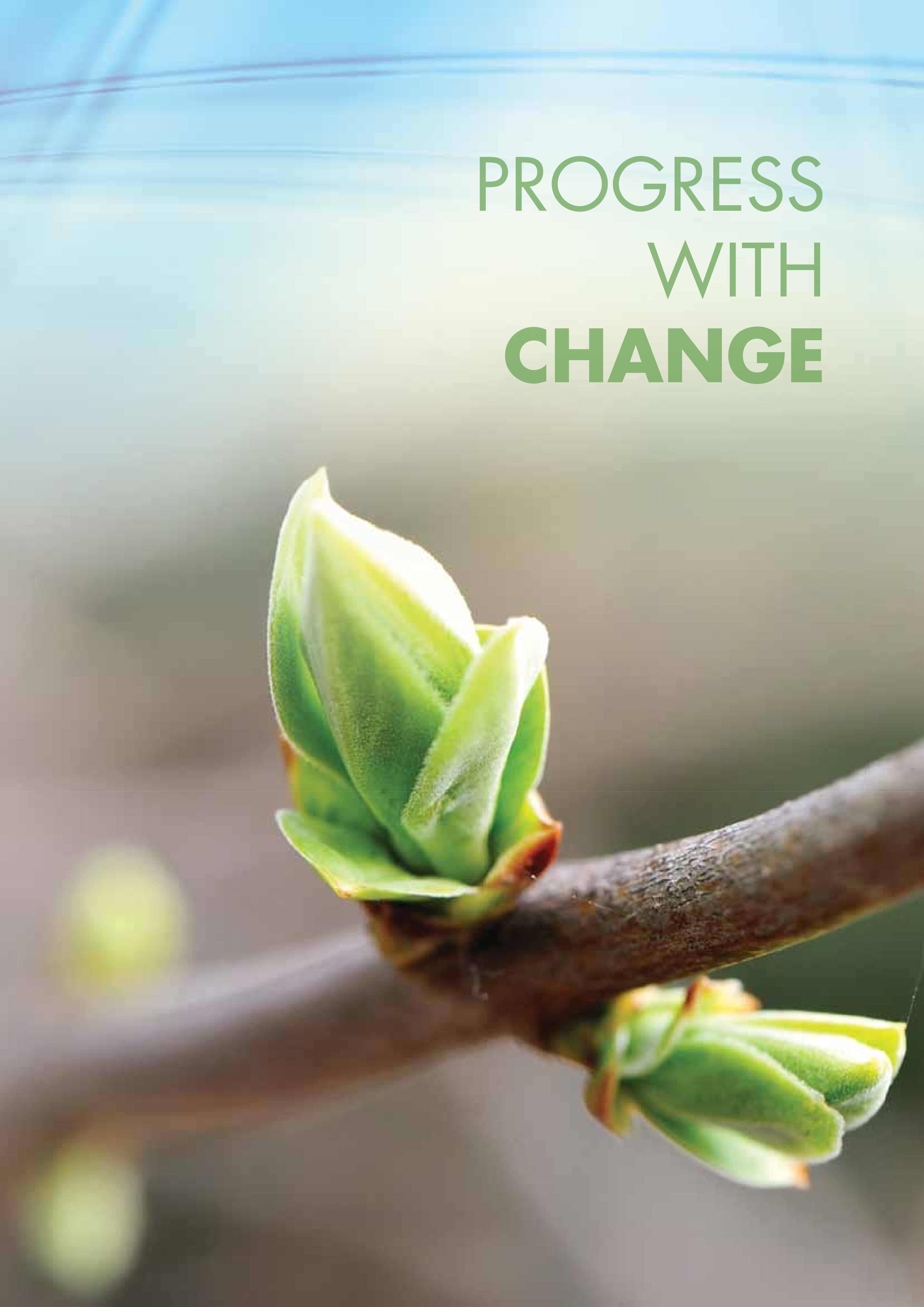

PROGRESS
WITH
CHANGE

COMPANY PROFILE

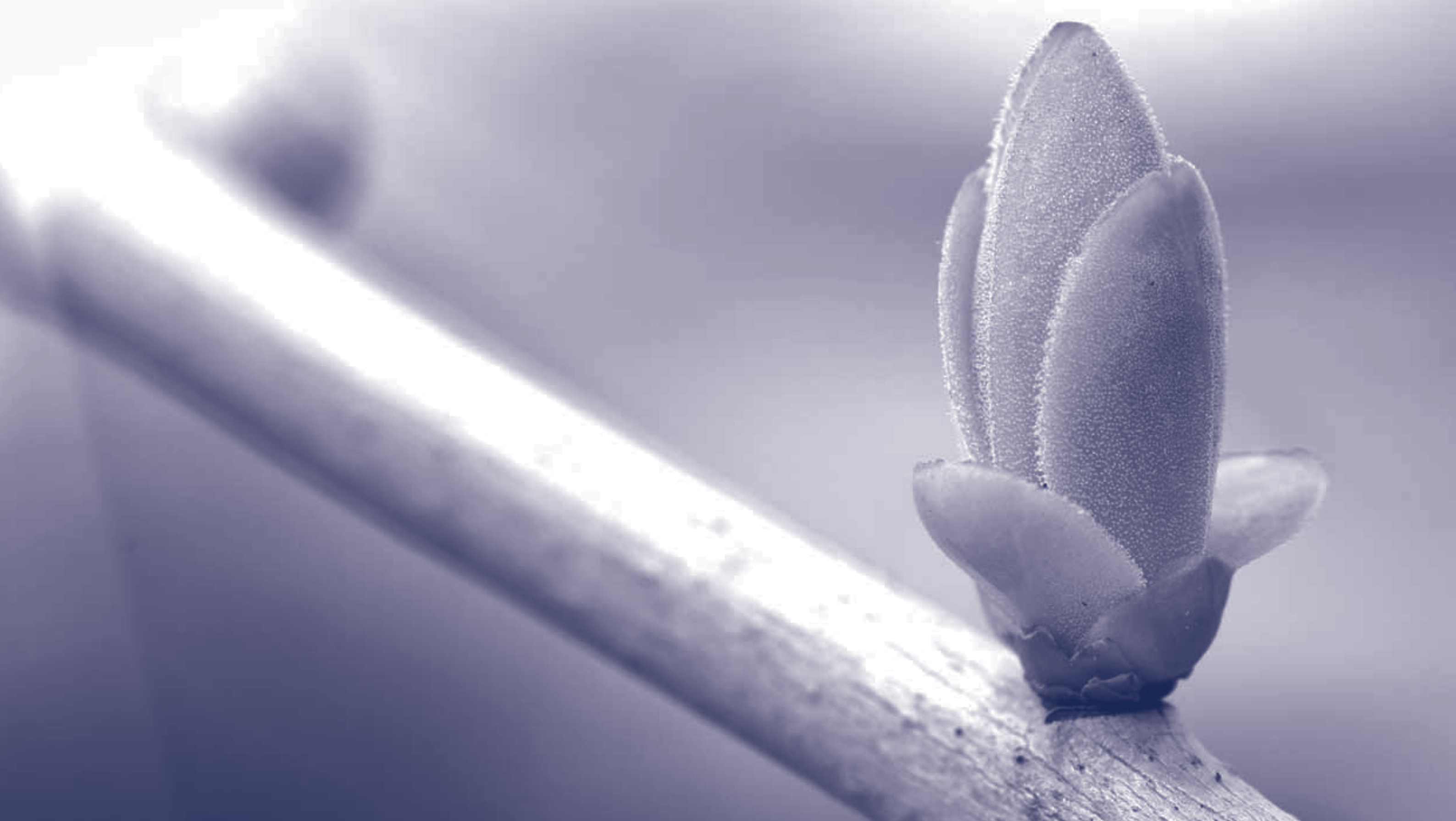
Established in 1986, Xpress was listed on the SGX Mainboard on 28 June 1999. Headquartered in Singapore, the Group offers the full range of print management services including time-sensitive financial printing, conceptualisation, design, copywriting, translation, typesetting, colour proofing, printing, post-press packaging, global distribution and delivery.

Xpress' flagship Print Stations, its sales and service centres, are strategically located at the heart of the business districts in the key cities of China, Vietnam, the Philippines, Malaysia, Hong Kong, Australia and Singapore. Supported by a comprehensive network of printing facilities, the onsite Print Stations provide easy-access to print services at quick-turnaround time in close proximity to clients' premises.

Xpress produces on behalf of clients, financial research reports, annual reports, asset management reports, IPO prospectuses, corporate brochures, year books, magazines and other commercial publications, collaterals and corporate gifts/premiums.

The Group has also recently launched its 8 to 8 Biz Butler concept which leverages on the latest digital technology to deliver a full range of value added services to clients beyond print management services.

The Group currently has 8 to 8 Biz Butler outlets (which operate as full-service business centres) in Singapore, China and Malaysia.



FINANCIAL HIGHLIGHTS

Group Financials at 31 July	2015 $'000	2014 $'000
Income Statement		
Revenue	11,946	13,643
Operating EBITDA[1]	1,728	(142,708)
Profit/(Loss) before income tax[1]	328	(145,545)
Net profit/(Loss) after tax and minority interests	311	(145,647)
Balance Sheet		
Total assets	20,167	19,797
Net tangible assets[2]	8,626	239
Total liabilities	11,541	19,558
Cash and cash equivalents	3,690	649
Per Share Data (Singapore Cents)[3]		
Earnings per share – basic and diluted	0.01	(6.41)
Net tangible assets[2]	0.24	0.01

1 The improved profit before tax in FY2015 was mainly because the one-off impairment charges in FY2014 were not repeated in FY2015. The one-off impairment charges in FY 2014 were namely: a one-time goodwill write off (S$64.48 million), available for sale financial assets (S$7.66 million), project receivables (S$8.27million), trade & other receivables (S$55.7 million), property plant & equipment (S$2.4 million) and inventory (S$2.0 million).

2 The increase in net tangible assets (NTA) was due to the share placement of 1.1 billion shares to the Group's Executive Chairman for S$7.7 million.

3 Per Share Data is calculated based on the existing issued share capital of 3,547,927,123 ordinary shares outstanding as at 31 July 2015 (31 July 2014: 2,447,927,123).

CHAIRMAN'S MESSAGE

"The successful share placement issue this year has enabled us to strengthen the Group's financial health."

Dear shareholders,

It is my great pleasure to deliver my first message as Chairman of Xpress Holdings Ltd.

I am delighted to share that the Group has turned around from a year that witnessed several setbacks. This positive turn reflects the outcome of decisive steps undertaken by the Board to bring about the required transformation. Such actions also underscore my commitment to the Group's growth.

The successful share placement this year has enabled us to strengthen the Group's financial health.

We have also taken prudent measures to streamline and restructure our operations. With a leaner and more efficient operating system, and with our improved financial footing, we are now well-poised to actively pursue new opportunities for growth.

Our immediate priority is to continue to build a strong team and develop our core competencies while exploring new prospects for long-term sustainability.

To bring our ideas to fruition and achieve our objectives for the Group, we have brought in new talents and strengthened our Board and management.

I would like to take this opportunity to welcome our new CEO, Mr. Lim Huan Chiang, who has previously spent 21 years at Singapore Press Holdings as a Vice President with the Chinese Media Group. Mr Lim also holds key positions in the management committees of a number of government bodies and business associations. With his experience and expertise, we are confident that he will be able to chart new growth paths for the Group.

One of his key areas of focus will be on strengthening our HR practices to attract and groom the right talent for the Group as we move forward to achieve our goals.

His extensive involvement with community work and strong links with government agencies and business associations will also be helpful for the Group in business development and community engagement efforts.

I would also like to welcome our new independent director, Ms. Chu Hong Tao. Ms Chu is currently the Chief Financial Officer of Yunnan De Yi Hao Equity Management Co. Ltd. Previously, She was the Financial Controller in Yunnan Province's Kunming Bao Shan Hotel.

We are also delighted to have retained the expertise and experience of Mr Sam Chong Keen and Mr Darlington Tseng, who have been the Board members of the Company for many years and are familiar with the Group's affairs.

During the past year, we have taken steps to transform the Group and enhance its operations. We have improved our liquidity, strengthened the Group's working capital and most importantly, settled all the legal issues. With a firmer financial footing, the Group is now in a better position to focus on its businesses in core geographical segments and at the same time, seek for new opportunities to widen our revenue streams.

Financial Performance

The Group has turned in a net profit of $311,000 for the full year ended 31 July 2015 ("FY2015") against a loss of $145.65 million in the previous financial year.

The turnaround was achieved on the back of strict cost control measures and the absence of impairment losses on goodwill, plant & equipment, project receivables and trade receivables.

Group revenue had weighed in at S$11.95 million, a decline of 12.4% compared to S$13.64 million in FY2014. The fall in revenue had stemmed from intense competition amid shrinking markets in Singapore and China. At the same time, new digital print technologies have led to significantly lower demand in the traditional printing segment.

Going forward

The Group has taken steps to revitalise its printing business with the adoption of new concepts and technology.

In August 2015, the Group's subsidiary, Xpress Print Pte Ltd, walked away with the first prize in the Books & Manuals and Finance category for the Fuji Xerox Printing Innovation with Xerox Imaging (PIXI) Awards. This clearly demonstrates our ability to constantly renew and keep up with the technological changes in the Media and Print industry.

The Group's retail outlet in Singapore's One Raffles Place was officially opened in October 2015. The Group is also in the midst of developing other B2B platforms, including our own interactive website where our products and services can be made available online.

Besides consolidating and reorganizing our business in the printing industry, the Group is also actively pursuing new business opportunities to widen its revenue streams and deliver positive value to shareholders.

With the prevailing global uncertainties and challenges faced by the slowing Singapore and regional economies, the Group will stay prudent and vigilant in managing risks and other headwinds on the horizon.

Acknowledgement

I would like to thank Mr. Fong Kah Kuen, Mr. Yip Kean Mun and Mr. Jerry Lee Yin Chia, who have stepped down from the board for their commitment and dedication to the company. I would also like to extend my deep appreciation to our business partners, customers, suppliers and shareholders for their support during this period.

We look forward to your continued support in the years ahead.

Mr. Ma WeiDong
Executive Chairman

BOARD OF DIRECTORS

Ma Wei Dong

Executive Chairman and Non-Independent Director

Mr Ma Wei Dong was appointed the Executive Chairman of the Group on 9 July 2015. Mr Ma is also the Company's single largest shareholder of approximately 31% shareholdings in the Company's shares.

Mr Ma is an experienced company director in the People's Republic of China ("PRC") having served as the Board Director and Chairman of several PRC companies. Currently, he is the Chairman of Kunming Luchen Group Co. Ltd and Kunming Tianlongrun Sugar, Tobacco and Wine Co., Ltd.

Mr Ma began his entrepeneurial career in 1998, and is currently the Executive Vice President of the Kunming Entrepreneurs Association in the PRC, as well as being recognised as the Kunming Outstanding Entrepreneur. He has led the takeover, and restructuring of several companies in China, with a clear emphasis on his principles and values of integrity, trust and social responsibility. With his strong and creative business acumen, he has expanded the scale and diversity of his businesses, including the logistics, food manufacturing, financial and real estate sectors.

With foresight, great business acumen and resourcefulness, Mr Ma employs his sharp analytical skills in highly challenging economic situations to seek out and develop business opportunities.

Under his strong leadership, both local and international enterprises are able to accurately ride on trends and make timely strategic adaptations to the ever-changing economic landscape. His acute business sense guides enterprises to build a strong foundation, grow exponentially and fully reach their potential

He has completed a course in Excellence and Innovation Management for CEO at the Tsinghua University in Beijing in 2012, and was part of a China delegation, alongside President Xi Jinping, at the 2013 APEC Summit in Bali, Indonesia.

Lim Huan Chiang JP

Chief Executive Officer and Non-Independent Director

Mr Lim Huan Chiang joined as the Chief Executive Officer and Non-Independent Director on 26 Oct 2015. Prior to joining Xpress, he was with the Singapore Press Holdings for more than two decades and last held the position of Vice-President of the Chinese Media Group. Resultantly, he has not only developed expertise in the publication and printing industry, but also established a wide range of social contact and rapport with local SMEs, as well as overseas entrepreneurs particularly within the China Circle.

Mr Lim has a plethora of organization and management experiences, acquired from both his full-time profession and community involvement. He was once the Commander of Rescue Battalion and Commandant of Volunteer Unit when serving in the Singapore Civil Defence Force as a senior officer. During his tenure, his most significant achievements were to launch the Blood Grouping Test for the entire population, and also introduce various public education initiatives on emergency preparedness for schools and community groups and at workplaces.

In the area of social involvement, he currently holds appointments in a number of government boards and associations such as the National Community Leadership Institute Board, MDA Film Appeal Panel, Chinese Publishers Association, Singapore Government Staff Credit Co-operative and Business China. He has also been holding the posts of Chairman of Radin Mas Citizens' Consultative Committee and President of the Chinese Press Club for years.

Mr Lim has been appointed as a Justice of the Peace by the President of Singapore since 2005. Due to his outstanding contributions to the community, he was conferred a number of national awards including the Public Service Star (Bar) in 2012.

Mr Lim holds a degree in Fire Engineering (UK) and has also obtained various professional qualifications in fields such as Business Management, Public Relations, Publishing Works and China Law.

Sam Chong Keen

Lead Independent and Non-Executive Director

Mr Sam Chong Keen stepped down from the position of Executive Chairman on 9 July 2014 and is currently the Lead Independent Director. He was first appointed Independent Non-Executive Director on 5 December 2001. Since then, he has served the Group as Chief Executive Officer from 2006 to 2008 and he has since remained on the Board as Non-Executive Non-Independent Director.

Mr Sam has a wealth of management experience, having held senior/CEO positions in the Singapore Government Administrative Service, National Trades Union Congress, Intraco Ltd, Comfort Group Ltd, VICOM Ltd, Lion Asiapac Ltd, Lion Teck Chiang Ltd, Jade Technologies Holdings Ltd and Sino-Environment Technology Group Limited.

Mr Sam was the Political Secretary to the Minister for Education from 1988 to 1991. He has served on various government boards and committees, including the Central Provident Fund Board and the National Cooperative Federation.

Mr Sam holds a Bachelor of Arts (Honours) in Engineering Science & Economics and a Master of Arts from University of Oxford, as well as a Diploma from the Institute of Marketing, United Kingdom.

Darlington Tseng Te-Lin

Non-Executive Director

Mr Darlington Tseng has been serving as Non- Independent and Non-Executive Director of Xpress Holdings Ltd since July 4, 2014 .Previously, he served as its Executive Director from March 1, 2008 to June 1, 2014. He joined Xpress on 2 July 2007 as Director of Business Development for Greater China.

Before joining Xpress, Mr Tseng held a senior executive position at BASF Taiwan Ltd, from 2005 to 2007. He gained extensive knowledge of the region's business climate during his tenure with BASF's regional business unit, where he collected vast market analyses and formulated strong marketing strategies. Between 1998 and 2002, Mr. Tseng worked in the chemical industry for AGI Corporation based in Taiwan where he was responsible for the company's overseas markets and successfully set up the company's Mexico manufacturing plant producing specialty varnish for the printing/ coating industry.

With his extensive knowledge of the regional business climate, Mr Tseng has played a key role in strategizing the Group's penetration into the Greater China markets and growth opportunities in the Asia-Pacific markets.

He has also led his team in expanding the business and launching of new service offerings to the Group's VIP accounts in China. To sustain the Group's growth momentum, he spearheaded the re-engineering of its operations to strengthen the Group's business model, while enhancing customer service and attracting and nurturing talent.

Mr Tseng graduated from Peking University, with a Masters of Business Administration.

BOARD OF DIRECTORS

Chu Hong Tao

Independent Non-Executive Director

Ms Chu Hong Tao was appointed Independent Non- Executive Director on 9 July 2015. She chairs the Audit Committee, the Nominating and the Remuneration Committees.

Ms Chu has more than 20 years of accounting, investment and financial management experience – having previously served as the Financial Controller of Yunnan Province Kunming Bao Shan Hotel and currently the Chief Financial Officer of Yunnan De Yi Hao Equity Management Co., Ltd.

Ms Chu possesses strong knowledge in finance, taxation and investment management and she is also well-versed in financial laws.

Ms Chu graduated from Dongbei University with a degree in Accountancy, and subsequently obtained an MBA from the Business and Tourism School of the Yunnan University in 2013.

KEY MANAGEMENT

K K Fong PBM
Founder, Chief Operating Officer

Mr K K Fong (Fong Kah Kuen) founded the Company in 1986. He has over 30 years of experience in the printing industry. Mr Fong stepped down from the Board on 9 July 2015 and was appointed Chief Operating Officer ("COO"). His role as the COO is to assist the Chief Executive Officer to oversee the overall print operations and management of the Group.

Since the Group's establishment, Mr Fong has played a pivotal role in charting the strategic direction for the Group. He has been instrumental in the Group's expansion, particularly overseas and in China. He is also instrumental in forging the strategic relationships with the Group's major business partners. He spearheaded the business development in China and built up the Group's robust print solution business, the engine of growth for Xpress. He has also innovated new concepts such as the 8 to 8 Biz Butler franchise, which was launched recently to leverage on digital technologies to drive new growth for the Group beyond traditional printing.

He is a recipient of various national business awards such as the National IT Award, the Enterprise of the Year Award, Enterprise 50 Awards, and the Entrepreneur of the Year Award. For his contributions to Singapore, he was conferred the Public Service Medal by the President of the Republic of Singapore in 2010.

Ronnie Yo
Group Financial Controller, Xpress Holdings Ltd

Mr Yo joined Xpress Holdings Ltd as Group Financial Controller in April 2015. He is responsible for the financial and management accounting, treasury, taxation and other compliance matters of the group. Prior to joining the company, he was the Assistant Financial Controller of another company listed on the mainboard of the SGX-ST.

Mr Yo has more than 16 years' working experience in the auditing and commercial sectors.

He holds a qualification from the Association of Chartered Certified Accountants and a Master degree in Accounting & Finance from a UK University and is a member of the Institute of Singapore Chartered Accountants.

Bob Lim
General Manager, Corporate Planning

Mr Lim is the General Manager responsible for the Group's corporate functions including human resource and administration, client relations, strategic planning and special projects. With more than 15 years of extensive experience in corporate planning, business development, on-going monitoring and relationship management after investment and key account management, he also has vast regional working experience in Asia, particularly China, Hong Kong and Vietnam.

Prior to joining the Group in 2006, he worked for Print Planner (Hong Kong) Limited for over four years since 2002 and served as General Manager in Group Corporate Planning for China Operations.

He graduated with a Bachelor of Science degree in Economics and Management Studies from University of London in 1997.

Eleanor Fong Sau Kwan
Sales Director, Xpress Print Pte Ltd

Ms Fong joined the Group in March 1992 and was appointed the Sales Director of Xpress Print Pte Ltd. She also served as an Executive Director for Xpress Holdings Ltd between 5 December 2001 and 26 February 2007. She brings to the Group concrete strengths in international relations and management expertise. Ms Fong's current responsibilities involve developing the Group's regional clientele, as well as overseeing the activities of the sales and marketing department.

Foong Sow Peng
Operations Director, Xpress Print Pte Ltd

Ms Foong joined the Group in April 1995 and was appointed Operations Director of Xpress Print Pte Ltd. She is trained in factory management and holds a Diploma in Production Engineering from the Singapore Polytechnic. With over 30 years of experience in multinational corporations, Ms Foong is responsible for the Group's printing operations and publishing activities.

Riduwan Zhang
General Manager, Financial Research

Mr Zhang is the General Manager (Financial Research), responsible for the sales and management of time-sensitive financial research reports as well as promoting them in emerging, fast-growing markets such as the PRC, India and Vietnam. He joined Xpress on 15 September 1997.

Riduwan is well-versed in the business of financial printing in the PRC, having been seconded to the Group's Hong Kong operations in 2004 to explore new markets and understand the financial services business. He has established strong professional relationships with PRC printers.

Riduwan holds a Masters of Science (Information Studies) degree from the Nanyang Technological University and a Bachelor of Business Systems (Honours) from Monash University.

OPERATIONS REVIEW

The year in review has been a watershed year for the Group. While we faced significant challenges, we were able to achieve a turnaround – chalking up a modest net profit of S$0.31 million.

Operationally, the Group has benefitted from a new injection of funds from our successful share placement and warrants issue which strengthened us financially as well as the streamlining of our organisation which helped improve workflow and productivity while cutting costs and reducing slack.

But more importantly, we were able to put in place transformational measures to enhance business operations and drive future growth.

For years, the global downturn in the print industry has eroded the fortunes of even the most established print companies worldwide. This trend has also impacted the Group as we were buffeted by significant pressures such as rising costs, slowing demand and technological changes – in particular the rapid growth of digital media.

Riding on the growing trend of the digital wave, we are rapidly transforming our traditional printing processes with digitisation to upscale our production processes and bring about new products of superior quality and value.

Indeed, we have already achieved several significant milestones for the Group with the ongoing transformation - including scoring prestigious awards that represent the pinnacle of printing excellence.

The Group's subsidiary Xpress Print Pte Ltd took the top prize in the Books & Manuals category for the Fuji Xerox Printing Innovation with Xerox Imaging (PIXI) Awards while Xpress New Media Pte Ltd won first prize in the Finance category.

The winners are selected based on a five-point criteria comprising print quality, appropriate use of digital technology, innovation, business effectiveness and overall aesthetics.

Winning the PIXI Awards is a testament of our innovation and excellence as they recognize the most outstanding and innovative users of print and digital solutions in the Asia-Pacific region including Australia, China (including Hong Kong and Taiwan), Japan, South Korea, Malaysia, Singapore and Thailand.

Big data, web-to-print, variable data printing and internet-supported tools such as augmented reality and QR codes characterize and impact the entire cosmos of printed products and the complete workflow. Consumers will therefore consider all the channels available and choose those that fit within budget and achieve the best result.

Online business data is forecast to grow at a compound annual rate of 40%. With the right software and skills to drive it, very exact segmented marketing, down to the level of individual customization, these can bring many new revenue streams. Here lies a great opportunity for printers, like us, to offer new services with superior value.

In view of this rising trend, the Group has opened a new 8-to-8 Biz Butler retail outlet in the prime business district at One Raffles Place in Singapore, providing business and lifestyle products and customised services to corporate and retail customers within the vicinity. The 8-to-8 Biz Butler business concept leverages on the latest digital technology to deliver a full suite of value added services beyond printing to our valued clientele.

To leverage on the strong growth trend in e-commerce and mobile commerce, we are also developing our own web portal and apps for sale of products and services online. This will effectively link offline corporate demand with online products and provide a refreshing shopping and procurement experience to our customers. We will also be exploring a range of O2O platforms to drive new revenue channels.

With our transformation and new plans in place, we believe that the Group is well positioned to capitalize on the wealth of new growth prospects in the industry.

CORPORATE STRUCTURE

Xpress®

XPRESS HOLDINGS LTD

- 100% Xpress Print (Pte) Ltd
  - 76% Xpress Print (Australia) Pty Ltd
  - 100% Xpress Print (K.L.) Sdn Bhd
  - 100% Xpress Print (H.K.) Limited
  - 100% Xpress New Media Pte Ltd
    - 100% Xpress Media Philippines Inc.
- 100% Precise Media Group Limited
  - 100% Print Planner (Hong Kong) Limited
    - 100% Xpress Print (Shanghai) Co., Ltd
    - 100% Print Planner (Shenzhen) Co., Ltd
      - 100% Shenzhen Xpress Print Technology Co., Ltd
      - 100% Print Planner (Int'l) Limited
    - 100% Print Planner (Chengdu) Co., Ltd
    - 100% Print Planner (Beijing) Co., Ltd
    - 100% Xpress Print (Shenyang) Co., Ltd
- 100% Xpress Print (Shenzhen) Co., Ltd
  - 50% Shenzhen Xpress Wisdom Translation Co., Ltd
  - 100% Xpress Print (Shenzhen) Co., Ltd – Xiamen Branch
  - 100% Xpress Print (Shenzhen) Co., Ltd – Wuhan Branch
  - 100% Xpress Print (Shenzhen) Co., Ltd – Changsha Branch
  - 100% Xpress Print (Shenzhen) Co., Ltd – Guangzhou Branch
- 100% Xpress Print (Vietnam) Co., Ltd

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Ma Wei Dong
Executive Chairman

Mr Lim Huan Chiang
Chief Executive Officer and Executive Director

Mr Darlington Tseng Te-Lin
Non-Executive Director

Mr Sam Chong Keen
Lead Independent Non-Executive Director

Ms Chu Hong Tao
Independent Non-Executive Director

AUDIT COMMITTEE

Ms Chu Hong Tao *(Chairman)*
Mr Sam Chong Keen
Mr Darlington Tseng Te-Lin

NOMINATING COMMITTEE

Ms Chu Hong Tao *(Chairman)*
Mr Sam Chong Keen
Mr Ma Wei Dong

REMUNERATION COMMITTEE

Ms Chu Hong Tao *(Chairman)*
Mr Sam Chong Keen
Mr Ma Wei Dong

COMPANY SECRETARY

Ms Shirley Tan Sey Liy (ACIS)

REGISTERED OFFICE

61 Tai Seng Avenue #03-03
Crescendas Print Media Hub
Singapore 534167
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Fax: (65) 6880 2998
Website: www.xpress.sg

SHARE REGISTRAR

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50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Nexia TS Public Accounting Corporation
100 Beach Road, #30-00 Shaw Tower
Singapore 189702

AUDIT PARTNER-IN-CHARGE

Mr Low See Lien
(Appointment since financial year ended 31 July 2015)

Principal Bankers

The Development Bank of Singapore Limited
Malayan Banking Berhad

Company Registration No.: 199902058Z

CORPORATE GOVERNANCE REPORT

Xpress Holdings Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**") are committed to setting in place corporate governance practices to provide the structure through which the objectives of protection of shareholders' interests and enhancement of long term shareholders' value are met.

This report outlines the Group's main corporate governance practices with specific reference made to the Code of Corporate Governance 2012 (the "**Code**") that were in place throughout the financial year or which will be implemented and where appropriate, we have provided explanations for deviation from the Code.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board of Directors (the "**Board**") comprises five Directors of whom two are Executive Directors, one is Non-Executive Director and two are Independent Directors. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group.

The principal functions of the Board, apart from its statutory responsibilities, include:

- Provides entrepreneurial leadership and sets the overall strategy and direction of the Group;
- Reviewing and overseeing the management of the Group's business affairs, financial controls, performance and resource allocation;
- Approving the Group's strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;
- Oversee the processes of risk management, financial reporting and compliance and evaluate the adequacy of internal controls;
- Approving the release of the Group's quarterly and full-year financial results, related party transactions of material nature and the submission of the relevant checklists to the Singapore Exchange Securities Trading Limited ("**SGX-ST**");
- Appointing Directors and key management staff, including the review of performance and remuneration packages; and
- Assumes the responsibilities for corporate governance.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company. To ensure that specific issues are subject to considerations and review before the Board makes its decisions, the Board has established three Board Committees, namely, the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively "Board Committees"), which would make recommendations to the Board. These Board Committees which operate within clearly defined terms of reference and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance.

CORPORATE GOVERNANCE REPORT

The Board meets regularly. During the financial year ended 31 July 2015 ("**FY2015**"), the Board held a total of 5 Board meetings. Ad-hoc meetings are convened when circumstances require. The Company's Articles of Association (the "**Articles**") provide for meetings of the Directors to be held by means of telephone conference or other methods of simultaneous communication be electronic or telegraphic means. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction.

The frequency of meetings and the attendance of each Director at every Board and Board Committees meetings for FY2015 are disclosed in the table reflected below:

Name of Director	**Board**		**AC**		**RC**		**NC**	
	No. of meetings		**No. of meetings**		**No. of meetings**		**No. of meetings**	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Fong Kah Kuen @ (1) Foong Kah Kuen	5	5	2	1	0	0	1	1
Sam Chong Keen	5	5	2	2	0	0	1	1
Darlington Tseng Te-Lin	5	4	2	2	0	0	1	0
Yip Kean Mun (2)	5	4	2	1	0	0	1	1
Ma Weidong (3)	5	0	2	0	0	0	1	0
Lim Huan Chiang (4)	5	0	2	0	0	0	1	0
Chu Hongtao (5)	5	0	2	0	0	0	1	0

Notes:
(1) Resigned on 9 July 2015
(2) Resigned on 9 July 2015
(3) Appointed on 9 July 2015
(4) Appointed on 26 October 2015
(5) Appointed on 9 July 2015

The Group had adopted a set of internal guidelines setting forth financial authorisation and approval limits for investments, acquisitions and disposals. Transactions falling outside the ordinary course of business and where the value of a transaction exceeds these limits have to be approved by the Board.

The Directors are also updated regularly with changes to the SGX-ST listing rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board. The Company Secretary informed the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

The Company conducts comprehensive orientation programs for new Directors to familiarise themselves with the Company's structure and organisation, businesses and governance policies. The aim of the orientation program is to give Directors a better understanding of the Company's businesses and allow them to assimilate into their new roles. All Directors who have no prior experience as Director of a listed company will undergo intensive training and briefing on the roles and responsibilities as Director of a listed company.

CORPORATE GOVERNANCE REPORT

New Directors are also informed about matters such as the Code of Dealing in the Company's shares. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from SGX-ST that affect the Company and/or the Directors in discharging their duties.

The Company has adopted a policy where Directors are encouraged to make enquiries on any aspects of the Company's operations or business issues from the Management. The Chairman or the Company Secretary will make the necessary arrangements for the briefings, informal discussions or explanations required.

Directors also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the business operations.

A formal letter of appointment would be furnished to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as member of the Board.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As of the date of this report, the Board comprises the following Directors:

Name of Director	**Position held on the Board**	**AC**	**NC**	**RC**
Ma Weidong (1)	Executive Chairman	-	Member	Member
Lim Huan Chiang (2)	Chief Executive Officer and Executive Director ("**CEO**")	-	-	-
Darlington Tseng Te-Lin	Non-Executive Director	Member	-	-
Sam Chong Keen (3)	Lead Independent Director	Member	Member	Member
Chu Hongtao (4)	Independent Director	Chairman	Chairman	Chairman

Notes:
(1) Appointed as Executive Chairman and CEO on 9 July 2015 and relinquished as Chief Executive Officer on 26 October 2015.
(2) Appointed as Executive Director and CEO on 26 October 2015.
(3) First appointed as Independent and Non-Executive Director on 5 December 2001 and redesignated as Executive Director and Chief Executive Officer on 16 February 2006. Mr. Sam Chong Keen was re-appointed as Non-Executive and Non-Independent Director on 2008 and redesignated as Independent and Non-Executive Director on 30 November 2012. He was appointed as the Lead Independent Director and Non-Executive Chairman on 29 November 2013 and 19 September 2014 respectively and relinquished as Non-Executive Chairman on 9 July 2015.
(4) Appointed as Lead Independent Director on 9 July 2015.

The Executive Committee established on 19 September 2014 for the purpose of overseeing the operations of the Company had been dissolved and discharged with effect from 9 July 2015. The roles and responsibilities of the Executive Committee will be directly undertaken by the Board.

CORPORATE GOVERNANCE REPORT

The NC and the Board has adopted the Code's criteria of an Independent Director in their review and are of the view that all Independent Directors have satisfied the criteria of independence. There is a strong and independent element as the Independent Directors make up one-third of the Board. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The decisions are based on collective decision without any individual influencing or dominate the decision making process.

There is no Independent Director who has served on the Board beyond nine years from the date of his first appointment.

The Board regularly examines its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself taking into account the scope and nature of the Company's operations. The composition of the Board is reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective of issues that are brought before the Board. Together, the Directors as a group provide core competencies in business, investment, legal, audit, accounting and tax matters.

The profiles of the Board are set out in pages 6 to 8 of the Annual Report.

The Non-Executive Directors and Independent Directors participate actively during Board meeting. In addition to providing constructive advice to Management on pertinent issues affecting the affairs and business of the Group, they also review Management's performance in meeting goals and objectives of the Group's business segments. The Company has benefited from Management's access to its Directors for guidance and exchange of views both within and outside of the meetings of the Board and Board Committees. The Non-Executive Directors and Independent Directors communicate amongst themselves and with the Company's auditors and senior managers. Where necessary, the Company co-ordinates informal meetings for Non-Executive Directors and Independent Directors to meet without the presence of the Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Company practices a clear division of responsibilities between the Chairman and CEO.

Mr. Ma Weidong was appointed as the Executive Chairman (the "**Chairman**") and CEO of the Company with effect from 9 July 2015. He had relinquished his role as the CEO of the Company with effect from 26 October 2015. The Chairman ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the Board members. The Chairman ensures that Board members are provided with complete, adequate and timely information. The Chairman ensures that procedures are introduced to comply with the Code and ensures effective communications within the Board and with the shareholders.

The responsibilities of the Chairman include:

(1) Scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;

(2) Ensuring that Directors receive accurate, timely and clear information, and ensuring effective communication with shareholders;

CORPORATE GOVERNANCE REPORT

(3) Ensuring the Group's compliance with the Code; and

(4) Acting in the best interest of the Group and of the shareholders.

The Company Secretary may be called to assist the Chairman in any of the above.

Mr. Lim Huan Chiang was appointed as the CEO and Executive Director of the Company with effect from 26 October 2015. The CEO is responsible for the overall implementation and management of the Group's day-to-day operation, business strategies and direction and corporate plans and policies

All major decisions made by the Board are subject to majority approval of the Board. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

The Board had appointed Mr. Sam Chong Keen as the Lead Independent Director with effect from 29 November

2013 to co-ordinate and to lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the main liaison on Board issues. He is available to shareholders where they have concerns which contact through the normal channels of the Group Financial Controller has failed to resolve or is inappropriate.

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors, where necessary and feedback would be provided after such meetings.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises the following members:

Nominating Committee

Ms. Chu Hongtao (Chairman)
Mr. Sam Chong Keen
Mr. Ma Weidong

The NC has adopted written terms of reference defining its membership, administration and duties. Some of the duties and responsibilities of the NC include:

a. to make recommendations to the Board on all Board appointments having regard to the Director's contribution and performance;

b. determining annually whether or not a Director is independent; and

c. deciding whether a Director is able to and has adequately carried out his duties as a Director of the Company in particular where the Director concerned has multiple board representations.

CORPORATE GOVERNANCE REPORT

The NC has make the recommendations to the Board on the matters relating to:

a. Appointment and re-appointment of Directors;

b. Appointment of Chairman and CEO;

c. The effectiveness of the Board as a whole; and

d. The NC shall have the right to appoint such consultants as it deems necessary during a search for new Directors.

The NC meets at least once a year. Pursuant to the Company's Articles, one-third of the Board to retire by rotation at every AGM. Directors who retire are eligible to offer themselves for re-election.

All Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The Company's Articles requires one-third of the Board to retire and submit themselves for re-election by shareholders at each Annual General Meeting ("**AGM**"). In addition, the Company's Articles provides that every new Director must retire and submit themselves for re-election at the next AGM of the Company following his appointment during the year.

The dates of initial appointment and last re-election of each Director are set out below:

Name of Director	Position held on the Board	Date of first to the Board appointment	Date of last re-election as Director
Ma Weidong (1)	Executive Chairman	9 July 2015	N/A
Lim Huan Chiang (2)	CEO and Executive Director	26 October 2015	N/A
Darlington Tseng Te-Lin	Non-Executive Director	1 March 2008	29 November 2013
Sam Chong Keen (3)	Lead Independent Director	5 December 2001	17 February 2015
Chu Hongtao (4)	Independent Director	9 July 2015	N/A

Notes:
(1) Appointed as Executive Chairman and CEO on 9 July 2015 and relinquished as CEO on 26 October 2015.
(2) Appointed as Executive Director and CEO on 26 October 2015.
(3) First appointed as Independent and Non-Executive Director on 5 December 2001 and redesignated as Executive Director and Chief Executive Officer on 16 February 2006. Mr. Sam Chong Keen was re-appointed as Non-Executive and Non-Independent Director on 2008 and redesignated as Independent and Non-Executive Director on 30 November 2012. He was appointed as the Lead Independent Director and Non-Executive Chairman on 29 November 2013 and 19 September 2014 respectively and relinquished as Non-Executive Chairman on 9 July 2015.
(4) Appointed as Independent Director on 9 July 2015.

Despite some of the Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deemed fits.

The Company has in place, policies and procedures for the appointment of new Directors, including the description on the search and nomination procedures. Each member of the NC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the NC in respect of his renomination as a Director.

CORPORATE GOVERNANCE REPORT

The NC has recommended to the Board that Mr. Ma Weidong, Ms. Chu Hongtao, Mr. Lim Huan Chiang and Mr. Darlington Tseng Te-Lin be nominated for re-election at the forthcoming AGM, who are retiring at the coming AGM. The Board had accepted the recommendation and the retiring Directors will be offering themselves for re-election.

There is no alternate director being appointed to the Board during the financial year under review.

For the financial year under review, the NC is of the view that the Independent Directors of the Company are independent (as defined in the Code) and are able to exercise judgement on the corporate affairs of the Group and independent of the Management.

The key information regarding Directors, such as academic and professional qualifications, Board Committees served, directorships or chairmanships both present and past held over the preceding three years in other listed companies and other major appointments, whether the appointment is executive or non-executive are set out in pages 6 to 8 of the Annual Report.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

The NC assesses the performance and effectiveness of the Board and the contribution of individual Directors. The assessment process involves evaluation against a set of objective, quantitative and qualitative performance criteria. The performance criteria includes: the evaluation of the size and composition of the Board; Director access to information; Board accountability and performance against set targets, objectives and expected standards of conduct; and financial targets such as return on assets, return on equity and the Company's share price performance. The Board, however, notes that the financial indicators provide only a snapshot of the Company's performance, and do not fully reflect on- going risk or measure the sustainable long-term wealth and value creation of the Company.

The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the experience, knowledge and expertise critical to the Group's business.

Although the Directors and the Board Committees are not evaluated individually, the factors taken into consideration with regards to the re-nomination of Directors are based on their attendance and contributions made at the Board and Board Committees meetings.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Management provides the Board with adequate and timely information as well as a review of the Group's performance prior to the Board meetings. All Directors have separate and independent access to the Group's senior management and Company Secretary, should they have any queries on the affairs of the Group. Independent Directors and Non-Executive Directors can and do visit various operational sites often with little warning. Independent Directors have spoken to select customers, suppliers and middle management staff. Independent Directors also meet the professional advisers of the Company both with and without Management.

CORPORATE GOVERNANCE REPORT

Should the Directors, whether as a group or individually, require independent professional advice, the Company will bear the expenses incurred if such advice is required to enable the Directors to discharge their duties professionally.

Prior to each Board and Board Committees meeting, notice of meeting is issued to the Board and Board Committees members containing information on the agenda and documents to be reviewed. The Company Secretary or her representative administers attends all Board and Board Committees meetings and is responsible for ensuring the Board procedures are followed and that applicable rules and regulations (in particular the Companies Act, Chapter 50 and the SGX-ST Listing rules) are complied with. The appointment and removal of the Company Secretary is subject to the approval of the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate Directors and key management executives.

The RC comprises the following members:

Remuneration Committee

Ms. Chu Hongtao (Chairman)
Mr. Sam Chong Keen
Mr. Ma Weidong

A majority of whom are independent. In discharging their duties, the members have access to advice from the internal human resources personnel, and if required, advice from external experts.

The RC recommends to the Board a framework for the remuneration for the Board and key executives and to determine specific remuneration packages for each Executive Director which is based on transparency and accountability.

The RC has adopted written terms of reference defining its membership, administration and duties. The duties and responsibilities of the RC include:

a) recommending to the Board a framework of remuneration for the Board and key executives;

b) recommending to the Board a framework of remuneration for the Board and key executives; determining specific remuneration packages which should cover all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind for each Executive Director, the CEO and senior management including but not limited to senior executives, divisional Directors and those reporting directly to the Managing Director, Chairman, CEO and employees related to the Executive Directors and controlling shareholders of the Group;

c) reviewing and recommending to the Board the terms of renewal of service contracts of Directors;

CORPORATE GOVERNANCE REPORT

d) administering the Company's Executive Share Option Scheme;

e) appointing or retaining such professional consultancy firm as the RC may deem necessary to enable it to discharge its duties hereunder satisfactory; and

f) considering the various disclosure requirements for Directors' remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.

The RC recommends, in consultation with the Chairman of the Board, a framework of remuneration policies for key executives and Directors serving on the Board and Board Committees, and determines specifically the remuneration package for each Executive Director of the Company. The RC covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, share options performance shares and benefits in kind. In addition, the RC also reviews the remuneration of senior management.

The RC's recommendations are submitted to the entire Board. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package. No Director will be involved in determining his own remuneration.

The RC administers the Xpress Holdings Executives' Share Option Scheme 2001 for the Company's executive, including its Directors and employees (the "Scheme"). The Scheme will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company.

In reviewing the service agreements of the Executive Directors and key executives of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the Company takes into consideration the remuneration packages and employment conditions within the industry as well the Group's relative performance and the performance of its individual Directors.

The Independent Directors are paid Directors' fees taking into account factors such as the effort and time spent and the scope of responsibilities of the Directors. The Independent Directors and Non-Executive Directors shall not be over-compensated to the extent that their independence may be compromised. Directors' fees are endorsed by the RC and recommended by the Board for approval at the Company's AGM.

The Executive Directors do not receive Directors' fees. The remuneration packages of the Executive Directors and the key management personnel comprises primarily a basic salary component and a variable component which is the bonuses and other benefits.

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The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown showing the level and mix of each Director and key management personnel for FY2015 are as follows:

Directors

Names	Salary (%)	Bonus (%)	Directors' Fees (%)	Total (%)
S$250,000 to S$500,000				
Fong Kah Kuen @ Foong Kah Kuen (1)	100	-		100
Below S$250,000				
Ma Weidong (2)			100	100
Chu Hongtao (3)			100	100
Sam Chong Keen			100	100
Darlington Tseng Te-Lin			100	100
Yip Kean Mun (4)			100	100

Notes:
(1) Resigned on 9 July 2015
(2) Appointed on 9 July 2015
(3) Appointed on 9 July 2015
(4) Resigned on 9 July 2015

Relevant Key Management Personnel of the Company	Salary %
Below S$250,000	
Foong Sow Peng	100
Fong Sau Kwan	100
Wong Siew Hong	100
Yo Ngan Kia	100
Lim Kian Leong	100
Lim Shin Ee	100
Riduwan Zhang	100

CORPORATE GOVERNANCE REPORT

Remuneration of Employee Related To Director

As at 31 July 2015, 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

The basis of determining the remuneration of the related employee is the same as the basis of determining the remuneration of other unrelated employee.

For FY2015 the aggregate total remuneration paid to the Relevant Key Management Personnel (who are not Directors or the CEO) amounted to S$511,435.36.

a) For FY2015, there were no terminations, retirement or post-employment benefits granted to Directors and Relevant Key Management Personnel other than the standard contractual notice period termination payment in lieu of service.

b) Except as disclosed above, there were no employees who were immediate family members of a Director or CEO whose remuneration exceeds S$50,000 in the Group's employment during the financial year under review.

Details of share options granted to the Directors are set out in the Directors' Report of this Annual Report.

In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of Directors and key management personnel in Annual Report.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

One of the Board's principal duties is to enhance and protect the long-term value and returns to the shareholders of the Company. The accountability of the Board to the shareholders is demonstrated through the presentation of the periodic financial statements, including powerpoint presentations, as well as the timely announcements and news releases of significant corporate developments and activities so that the shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

Management presents to the AC the interim and full-year results. The AC reviews the results and recommends them to the Board for approval. The Board approves the results and authorizes the release of the results to the SGX-ST and the public via SGXNET as required by SGX-ST Listing Manual.

In line with the requirements of SGX-ST, negative assurance confirmations on interim financial results were issued by the Board confirming that to the best of its knowledge, nothing had come to the attention of the Board which may render the Company's quarterly results to be false or misleading in any material aspect.

The Management maintains regular contact and communication with the Board by various means including the preparation and circulation to all Board members of quarterly and full year financial statements of the Group. This allows the Board to monitor the Group's performance and position as well as the Management's achievements of the goals and objectives determined and set by the Board.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the overall internal control framework, but acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The controls in place provide that the assets are safe, regardless of operational and business risks are suitably addressed and proper accounting records are maintained. The AC has reviewed the effectiveness of the internal control system put in place by the management and is satisfied that there are adequate internal controls in the Company.

The Investment and Risk Management Committee ("IRMC") had been dissolved following the reduction in the Board's size with effect from 29 November 2013. The AC assumes and oversees the duties and responsibilities of the IRMC. The Board considers risk management as an on-going process and reviews the Group's business and operational activities on a regular basis to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks to safeguard the assets of the Company and its business viability.

The external auditors provide feedbacks to the AC highlighting matters that require the attention of the Management. The AC keeps under review the effectiveness of the Group's system of accounting and internal financial controls, for which the directors are responsible.

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 FY2015 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 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 2015.

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Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises the following members:

Audit Committee

Ms. Chu Hongtao (Chairman)
Mr. Sam Chong Keen
Mr. Darlington Tseng Te-Lin

The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experiences to discharge the AC's function.

The AC comprise of members who have sufficient experience in finance and business fields.

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal control.

The terms of reference of the AC is in accordance with the guidelines recommended in the guidebook by the Audit Committee Guidance Committee released in October 2008.

The AC has adopted written terms of reference defining its membership, administration and duties. Duties and responsibilities of the AC include:

a) review with external auditors the audit plan, their evaluation of the Group's system of internal accounting controls, their letter to Management and Management's responses;

b) review the interim and annual financial statements and balance sheet and income statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

c) review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the auditors also provide a substantial volume of non-audit services to the Company, the AC would keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

d) review the internal control procedures and ensure co-ordination between the external auditors and Management, and review the assistance given by our Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss in the absence of our Management at least annually;

e) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our Management's response;

CORPORATE GOVERNANCE REPORT

f) consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

g) review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;

h) review potential conflicts of interest, if any;

i) undertake such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

j) Generally undertake such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, or by such amendments as may be made thereto from time to time.

The AC has the explicit authority to investigate any matter within its terms of reference and full access to and cooperation by the Group's Management. It has the discretion to invite any Director or member of the Group's Management to its meetings. The AC has been given reasonable resources to enable it to discharge its functions properly.

Where, by virtue of any vacancy in the membership of the AC for any reason, the number of members is reduced to less than 3, the Board shall, within 3 months thereafter, appoint such number of new members to the AC.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the AC in respect of matters in which he is interested.

The AC meets with the external auditors, Nexia TS Public Accounting Corporation ("Nexia"), separately without the presence of the Management and has reviewed all non-audit services provided by the external auditors to the Group. For the financial year under review, there were no fees paid/payable to the external auditors for non-audit services for the financial year ended 31 July 2015. Audit fees paid/payable to the external auditors of the Company amounted to $170,000 (2014:$250,000) for FY2015.

The AC has also reviewed and confirmed that Nexia is a suitable firm to meet the Company's audit obligations having regard to the adequacy of resources and experience of the firm and the assigned audit engagement partner, Nexia's other audit engagements, size and complexity of the Xpress Group, member and experience of supervisory and professional staff assigned to the audit. Accordingly, the AC has recommended to the Board the re-appointment of Nexia, as external auditors for the financial year ending 31 July 2016 at the forthcoming AGM of the Company. Therefore, the Company has complied with Rule 712 of the SGX-ST Listing Manual.

The Group has complied with Rule 715 of the Listing Manual in relation to its auditing firms. Nexia has been engaged to audit the accounts of the Company and all its Singapore and foreign-incorporated subsidiaries.

CORPORATE GOVERNANCE REPORT

Whistle blowing policy

In accordance with the Code, the AC has in place a 'whistle-blowing' policy to provide arrangements whereby concerns on financial improprieties or other matters raised by 'whistle-blowers' may be investigated and appropriate follow up action taken. Under such whistle-blowing procedures, employees are free to submit complaints confidentially or anonymously to the Chairman of the AC who was well known to many employees and easily accessible. All complaints are to be treated as confidential and are to be brought to the attention of the AC. Assessment, investigation and evaluation of complaints are conducted by or at the direction of the AC. If it deems appropriate, independent advisors are engaged at the Group's expense. Following investigation and evaluation of a complaint, the AC will then decide on recommended disciplinary or remedial action, if any. The action so determined by the AC to be appropriate shall then be brought to the Board or to the appropriate senior executive staff for authorisation or implementation respectively.

As of to-date, there were no reports received through the whistle-blowing mechanism.

The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board supports the need of an internal audit function that is adequately resources and independent of the activities it audits to maintain an internal controls system and processes. The internal auditor team is expected to meet the standards set by nationally or internationally recognized professional bodied including the Standards for the professional Practice of Internal Auditing of the Institute of Internal Auditors.

During the financial year under review, the Company did not have in place an internal audit function due to cashflow constraints and business restructuring of the Group. The Board will look into the possibility of outsourcing its internal audit function to a qualified professional as and when is appropriate. Such qualified professionals when engaged, will report directly to the AC on audit matter and report administratively to the Chairman.

The AC is satisfied that the effectiveness of the existing internal control systems put in place by the Management with the assistance of the external auditors is adequate.

The AC would annually review the adequacy and effectiveness of the internal control systems of the Company.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company does not practise selective disclosure. In line with the continuous obligations of the Company under the SGX-ST Listing Manual and the Companies Act, Chapter 50, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Shareholders are informed of general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/ her behalf at the general meeting through proxy forms sent in advance. The Company's current Articles does not include the nominee or custodial services to appoint more than two proxies.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholders, the information in a timely and fair manner via SGXNet. Where there is inadvertent disclosure made to a selected Group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is mainly made through:-

- Annual report that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;

- Quarterly announcements containing a summary of the financial information and affairs of the Group for that period;

- Notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("EGMs"). The notice of AGM and EGM are also advertised in a national newspaper;

The Company's website at www.xpress.sg at which our shareholders can access financial information, corporate announcements, press releases, annual reports and profile of the Group.

By supplying shareholders with reliable and timely information, the Company is able to strengthening the relationship with its shareholders based on trust and accessibility. The Company has a team of investor relations (IR) personnel who focus on facilitating the communications with all stakeholders – shareholders, analysts and media – on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group's corporate developments and financial performance.

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The Company does not practice selective disclosure. Price-sensitive information is first publicly released through SGX-Net, either before the Company meets with any investors or analysts. All shareholders of the Company will receive the annual report with an accompanying notice of AGM by post. The notice of AGM is also published in the newspaper within the mandatory period, the AGM of which is to be held within four months after the close of the financial year.

The Group does not have a concrete dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

Dividends were not declared or paid for FY2015 in order to conserve cash and to ensure that there are adequate resources for the Company's business.

CONDUCT OF SHAREHOLDER MEETING

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay informed of the Group's strategies and growth plans. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the general meetings.

Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

The Chairman of the AC, NC and RC are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries raised by the shareholders.

The Company shall adhere to the requirements of the code where all resolutions are to be voted by poll for general meetings held on or after 1 August 2015.

DEALINGS IN SECURITIES

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Company had adopted a Code of Best Practices to provide guidance to its officers on securities transactions by the Company and its officers.

The Company and its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year financial results, and ending on the date of the announcement of the relevant results.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT

Directors and executives are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period or when they are in possession of unpublished price sensitive information and they are not to deal in the Company's securities on short-term considerations.

The Company is continually reviewing and improving the business and operational activities to take into account the risk management perspective. This includes reviewing management and manpower resources, updating work flows, processes and procedures to meet the current and future market conditions.

MATERIAL CONTRACTS

The material contracts of the Company or its subsidiaries involving the interest of any Director or controlling shareholders subsisting as at the financial year ended 31 July 2015 are as follows:

	The Group		The Company	
	2015	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000
Ma Weidong				
Loan by the Director/Shareholder to the Company	**552**	-	**552**	-

The loan from Mr. Ma Weidong is unsecured, interest- free and has no fixed terms of repayment.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an interested person transaction policy which specifies that all interested transactions with an interested person, as defined in the policy, will be at arm's length and on terms generally available to an unaffiliated third party under the same or similar circumstances.

There were no interested party transactions between the Company and any of its interested persons (namely, Directors, executive officers or controlling shareholders of the Group or the associates of such Directors, executive officers or controlling shareholders) subsisting for the year ended 31 July 2015.

CORPORATE GOVERNANCE REPORT

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE

Name of Director	Board Appointment Executive/ Non executive	Board Committees as Chairman or Member	Directorship Date First Appointed	Date of Last Re-election	Directorships in Other Listed Companies and Other Major Appointments	Past Directorships in Other Listed Companies and Other Major Appointments Over the Preceding 3 Years
Mr. Sam Chong Keen	Lead Independent Director	Board Member, Member of Audit Committee, Member of Nominating Committee and Member of Remuneration	19 September 2014	17 February 2015	• Stamford Tyres Corporation Ltd • Lion Asiapac Ltd	• Stamford Tyres Corporation Ltd • Lion Asiapac Ltd
Mr. Darlington Tseng Te-Lin	Non-Executive Director	Board Member and Member of Audit Committee	1 June 2014	17 February 2014	-	-
Mr. Ma Weidong	Executive Chairman	Board Member	9 July 2015	-	• Kunming Tianlongrun Sugar, Tobacco and Wine Co., Ltd • Kunming Luchen Group Co., Ltd	• Kunming Tianlongrun Sugar, Tobacco and Wine Co., Ltd • Kunming Luchen Group Co., Ltd
Ms. Chu Hongtao	Independent Director	Board Member, Chairman of Audit Committee, Chairman of Nominating Committee and Chairman of Remuneration Committee	9 July 2015	-	-	-
Mr. Lim Huan Chiang	Executive Director	Board Member	26 October 2015	-	-	-

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 July 2015 and the balance sheet of the Company as at 31 July 2015.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages F11 to F64 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 July 2015 and the financial performance of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Ma Wei Dong (appointed on 9 July 2015)
Lim Huan Chiang (appointed on 26 October 2015)
Chu HongTao (appointed on 9 July 2015)
Sam Chong Keen
Darlington Tseng Te-Lin

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings in the name of the director, or nominee	
	At 1.8.14 or date of appointment if later	**At 31.7.15**
The Company		
No. of ordinary shares		
Ma Wei Dong	14,120,000	**1,114,120,000**
Darlington Tseng Te-Lin	11,153,000	**11,153,000**

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Xpress Holdings Executives' Share Option Scheme as set out below and under "Share options" below.

	No. of unissued ordinary shares under option	
	At 1.8.14 or date of appointment if later	**At 31.7.15**
<u>The Company</u>		
Options to subscribe for ordinary shares exercisable at an exercise price of $0.1783 per share		
Darlington Tseng Te-Lin	2,000,000	-
Options to subscribe for ordinary shares exercisable at an exercise price of $0.1783 per share		
Darlington Tseng Te-Lin	2,000,000	-

(c) There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 August 2015.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this statement.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

SHARE OPTIONS

XPRESS HOLDINGS EXECUTIVES' SHARE OPTION SCHEME

(a) Pursuant to the approval by the members of the Company at the Extraordinary General Meeting (ËGM") held on 25 June 2001, the Company adopted Xpress Holdings Executives' Share Option Scheme 2001 (the "SOS"). The SOS had expired on its 10th anniversary on 25 June 2011 as the Company did not seek a renewal mandate from the shareholders which was a requirement under the Terms and Conditions of the SOS.

(b) According to the revised Terms of Reference of the Remuneration Committee ("RC"), the SOS is administered by the RC. The members of the RC are as follows:

Chu Hong Tao (Chairman)
Sam Chong Keen
Ma Wei Dong

(c) The number of options available under the SOS shall not exceed 15% of the total issued shares of the Company on the day preceding the relevant date of grant.

Options granted under the SOS to full-time employees and executive directors of the Group shall be subject to an option period of 10 years, commencing from the date of grant and expiring on the day immediately preceding the 10th anniversary of the date of grant. The non-executive directors of the Group shall be subject to an option period of 5 years commencing from the date of grant and expiring on the day immediately preceding the 5th anniversary of the date of grant. The options are exercisable on the first anniversary of the date of grant. Unissued ordinary shares of the Company under options that were issued are as follows:

Date of grant	Balance at 1.8.2014	Cancelled/ lapsed/ forfeited during the year	Balance at 31.7.2015	Exercise price	Expiry date
04.12.2006	1,500,000	(600,000)	900,000	$0.1563	03.12.2016
01.03.2007	3,000,000	-	3,000,000	$0.1446	28.02.2017
10.03.2008	2,000,000	(2,000,000)	-	$0.1052	09.03.2018
20.10.2008	2,000,000	(2,000,000)	-	$0.05	19.10.2018
	8,500,000	(4,600,000)	3,900,000		

No share options were granted during the financial years ended 31 July 2014 and 2015.

At 31 July 2015, 3,900,000 (2014: 8,500,000) share options were exercisable.

The weighted average remaining contractual life of share options outstanding at 31 July 2015 is 1.5 (2014 – 3.2) years.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

SHARE OPTIONS (CONT'D)

XPRESS HOLDINGS EXECUTIVES' SHARE OPTION SCHEME

(d) The following table summarises the information on the options granted under the Scheme to Directors and Participants as required to be disclosed under the SGX Listing Manual Rules (the "Rules"):

	Aggregate options granted during the effective period of the SOS	Aggregate options cancelled/ forfeited/ lapsed during the financial year	Aggregate options outstanding at end of the financial year
Name of participants			
Directors			
Darlington Tseng Te-Lin	4,000,000	(4,000,000)	-
Sub-total	4,000,000	(4,000,000)	-
Participants who received 5% or more of total available options other than directors			
Eleanor Fong Sau Kwan	2,000,000	-	2,000,000
Foong Sow Peng	1,000,000	-	1,000,000
Sub-total	3,000,000	-	3,000,000
Participants who received 5% or less of total available options other than directors			
Other employees	1,500,000	(600,000)	900,000
Sub-total	1,500,000	(600,000)	900,000
Total	8,500,000	(4,600,000)	3,900,000

(e) These options do not entitle the holder to participate, by virtue of such holdings, to any right to participate in any share issue of any other corporation. Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company at the end of the financial year.

(f) No shares were issued during the financial year to which this statement relates by virtue of the exercise of the options to take up unissued shares of the Company or any subsidiary.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company at the end of the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

AUDIT COMMITTEE

The Audit Committee ("AC") comprises the following non-executive directors:

Chu Hongtao (Chairman)
Sam Chong Keen
Darlington Tseng Te-Lin

The AC performs the functions specified by section 201B(5) of the Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance.

These members of the AC have had many years of experience in senior management positions in both the financial and industrial sectors. They have sufficient financial management expertise and experience to discharge the AC's functions.

The AC meets at least four times a year to perform the following key functions:

- recommends to the Board of Directors the independent auditor to be nominated, approves the compensation of the independent auditors, and reviews the scope and results of the audit, and its cost-effectiveness;

- reviews the other committees, management and the independent auditor, significant risk or exposures that exist and assess the steps management has taken to minimise such risks to the Company;

- reviews the independent auditor's findings of the annual audit;

- reviews with management annually:

    - significant internal audit observations during the year and management's responses;

    - the effectiveness of the Company's internal controls over management, business and technology systems practices; and

    - any changes required in the planned scope of the audit plan and any difficulties encountered in the course of the audits;

- reviews legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies, and programmes and reports received from regulators; and

- reports activities and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be re-appointed as auditor at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....

MA WEI DONG

Chairman

....

LIM HUAN CHIANG

Chief Executive Officer

Date: 4 January 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF XPRESS HOLDINGS LTD

Report on the Financial Statements

We have audited the accompanying financial statements of Xpress Holdings Ltd (the "Company") and its subsidiaries (the "Group") set out on pages F11 to F64, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 July 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Bases of Qualified Opinion

The financial statements for the financial year ended 31 July 2014 ("FY2014") were audited by an independent auditor (the "preceding auditor") other than Nexia TS Public Accounting Corporation, who issued a disclaimer opinion on 28 January 2015 on those financial statements due to the following:

(i) Going concern

As disclosed in Note 13 of the previous year's financial statements, the Company and certain subsidiary corporations in the Group have defaulted in payments, breached certain financial covenants and failed to comply with certain indebtedness agreements. As at the date of the preceding auditor's report, the Group has received notices of default from various lenders for repayment of outstanding loans as well as termination of credit facilities granted to companies in the Group.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF XPRESS HOLDINGS LTD

Bases of Qualified Opinion (cont'd)

(i) Going concern (cont'd)

On 8 January 2015, the landlord of the Group's corporate office premises (the "Landlord") filed a winding up application against the Company for a sum of $913,864 owing by a subsidiary, Xpress Print (Pte) Ltd to the Landlord in respect of the rent on office premises for the months from April 2014 until the date of full payment. A hearing of the winding up application is scheduled for 30 January 2015.

As discussed in Note 2 of the previous year's financial statements, the Group incurred a net loss of $146 million during FY2014 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by $7.1 million and $3.4 million respectively. As at 31 July 2014, the Group's overdrafts exceeded its cash balances and fixed deposits by approximately $715,000.

The matters set out above indicate the existence of a material uncertainty which cast a significant doubt on the Group's and the Company's ability to continue as going concerns. The financial statements of the Group and the Company have been prepared on going concern basis, which assume that the Group and the Company will continue in operation at least for a period of 12 months from the balance sheet date. The financial statements of the Group and the Company do not include any adjustments relating to the realisation and classification of asset amounts that may be necessary if the Group and the Company are unable to continue as going concerns. Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the balance sheets. In addition, the Company and the Group may have to provide for further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No adjustments have been made in the financial statements of the Group and the Company in respect of these.

The ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations as and when they fall due depend on the completion of the share placement as disclosed in Note 30 of the previous year's financial statements. Therefore, they were not able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Group and the Company is appropriate.

During the financial year ended 31 July 2015, the Group recorded a net profit of $311,000, and as at that date, the Group and the Company are in net current asset position of $1.1 million and $2.8 million respectively. As disclosed in Note 11 of the financial statements about the completion of the share placement on 21 July 2015, the directors have prepared the financial statements on a going concern basis as the Group and the Company have sufficient working capital to ensure business continuity for the next 12 months and that the Group and the Company will be able to pay its debts as and when they fall due.

(ii) Available-for-sale financial assets

As disclosed in Note 7 to the financial statements, the investee is not listed on any stock exchange. The Company was unable to gain access to the financial information of the unquoted equity securities to determine the fair value of the investment at 31 July 2014. According to management, the investee was supposed to seek a public listing in the People's Republic of China which did not materialise. The investee, being in the traditional printing industry, has been badly affected by the decline in business prospects in China. Management therefore decided to recognise an impairment loss on the investment with a resultant loss amounting to $1,940,000.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF XPRESS HOLDINGS LTD

Bases of Qualified Opinion (cont'd)

(ii) Available-for-sale financial assets (cont'd)

In the absence of information from management on the fair value of the investment, the preceding auditor was not able to perform any audit procedures, and there were no practicable alternative audit procedures that they could carry out to ascertain the appropriateness of the impairment amount.

For financial year ended 31 July 2015, we have obtained sufficient and appropriate audit evidence to determine the appropriateness of the impairment loss on the investment.

(iii) Trade and other receivables and prepayment

(a) As at 31 July 2014, trade and other receivables amounting to approximately $4.9 million are outstanding for more than one year. No impairment loss has been recognised in respect of this amount as management is confident in recovering the entire amount owing by the customers. There is no objective evidence from management that the amount is recoverable.

In the absence of evidence to substantiate the collectability of the outstanding amount, the preceding auditor was unable to ascertain the valuation of these trade and other receivables.

For financial year ended 31 July 2015, we have obtained sufficient and appropriate audit evidence to ascertain the valuation of these trade and other receivables.

(b) As at 31 July 2014, prepayments include an amount of $889,000 purportedly related to consulting, legal and logistics services during the financial year ended 31 July 2014. At the date of the preceding auditor's report, they have not been able to obtain adequate information and documentation on these transactions.

For financial year ended 31 July 2015, we have obtained sufficient and appropriate audit evidence to determine the validity of the prepayments made in the preceding year.

(iv) Inventories

The preceding auditor did not observe the counting of physical inventories as at 31 July 2014. They were unable to satisfy themselves by alternative means concerning the inventory quantities held at 31 July 2014 which are stated in the statement of financial position at $1.5 million.

As at 31 July 2014, inventories include an amount of $1.2 million held by a subsidiary, Print Planner (Hong Kong) Limited ("PPHK"). The books and records of PPHK's inventories were not available. As a result of these matters, they were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories. They were unable to carry out additional procedures necessary to satisfy themselves as to whether the financial information of PPHK are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements.

We were appointed as Independent Auditor of the Group on 23 November 2015 and thus did not observe the stocktake performed by management of the physical inventories as at 31 July 2014.

As the carrying amount of the inventories form part of the opening balances for the current financial year, and as we were unable to carry out any alternative audit procedures to obtain sufficient and appropriate audit evidence on the opening balances, we 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF XPRESS HOLDINGS LTD

Bases of Qualified Opinion (cont'd)

(v) Loans from third parties

As disclosed in Note 16 of the previous year's financial statements, a subsidiary corporation obtained a loan from a third party amounting to $720,000 as at 31 July 2014, which, according to management, is unsecured, interest-free and repayable upon demand.

As at the date of the preceding auditor's year's report, the preceding auditor had not been provided with a copy of the loan agreement and has been unable to obtain independent confirmation from the lender. The Preceding Auditor do not consider information and records made available to the Preceding Auditor from alternative procedures sufficient for the preceding auditor to form an opinion on as to the completeness, existence and accuracy and fair presentation of the loan.

For financial year ended 31 July 2015, we have obtained sufficient and appropriate audit evidence to determine the completeness, existence and accuracy and fair presentation of the loan. The loan from third party has since been fully settled by the Group during the current financial year.

In view of the preceding auditor's disclaimer of opinion on the financial statements for the preceding financial year, and as we were not able to carry out any alternative audit procedures to obtain sufficient and appropriate audit evidence on the opening balances as above, we are unable to determine the impact on the current financial year's consolidated statement of comprehensive income and the statement of cash flow arising from adjustments, if any, to these and any other opening balances.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the "Bases for Qualified Opinion" section, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provision of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director in-charge: Low See Lien
Appointed since financial year ended 31 July 2015

Singapore
4 January 2016

BALANCE SHEETS

AS AT 31 JULY 2015

		Group		Company	
		2015	2014	**2015**	2014
	Note	**$'000**	$'000	**$'000**	$'000
Assets					
Non-Current					
Plant and equipment	4	**8,269**	8,069	**149**	309
Investments in subsidiaries	5	**-**	-	**4,000**	4,000
		8,269	8,069	**4,149**	4,309
Current					
Inventories	8	**1,363**	1,504	**-**	-
Trade receivables	9	**4,973**	5,359	**16**	-
Other receivables	9	**1,872**	4,216	**160**	770
Amounts due from subsidiaries	6	**-**	-	**5,726**	229
Cash and cash equivalents	10	**3,690**	649	**2,785**	3
		11,898	11,728	**8,687**	1,002
Total assets		**20,167**	19,797	**12,836**	5,311
Equity					
Capital and reserves					
Share capital	11	**125,033**	117,908	**125,033**	117,908
Reserves	12	**(116,587)**	(117,852)	**(118,165)**	(117,259)
Equity attributable to owners of the Company		**8,446**	56	**6,868**	649
Non-controlling interests		**180**	183	**-**	-
Total equity		**8,626**	239	**6,868**	649
Liabilities					
Non-Current					
Finance lease liabilities	13	**726**	716	**115**	249
Deferred tax liabilities	14	**-**	20	**-**	20
		726	736	**115**	269
Current					
Trade and other payables	15	**9,261**	14,587	**3,650**	4,329
Amounts due to subsidiaries	6	**-**	-	**2,173**	-
Borrowings	16	**1,099**	3,643	**-**	-
Finance lease liabilities	13	**433**	577	**30**	62
Current income tax liabilities		**22**	15	**-**	2
		10,815	18,822	**5,853**	4,393
Total liabilities		**11,541**	19,558	**5,968**	4,662
Total equity and liabilities		**20,167**	19,797	**12,836**	5,311

The accompanying notes form an integral part of these financial statements

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	Note	**2015** **$'000**	2014 $'000
Revenue	18	**11,946**	13,643
Changes in inventories of raw materials and consumables		**(141)**	(658)
Raw materials and consumables used	8	**(2,891)**	(6,105)
Depreciation of plant and equipment	4	**(1,173)**	(1,900)
Other income	19(a)	**593**	990
Staff costs	19(b)	**(4,346)**	(8,349)
Other expenses	19(c)	**(3,419)**	(142,037)
Exchange loss, net		**(14)**	(214)
Interest income	20(a)	**-**	22
Finance costs	20(b)	**(227)**	(937)
Profit/(Loss) before taxation		**328**	(145,545)
Income tax expense	21	**(17)**	(102)
Profit/(Loss) for the year		**311**	(145,647)
Profit/(Loss) for the year attributable to:			
Owners of the Company		**314**	(145,646)
Non-controlling interests		**(3)**	(1)
		311	(145,647)
Earnings/(Loss) per share (cents)			
- Basic	22	**0.01**	(6.41)
- Diluted	22	**0.01**	(6.41)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	2015	2014
	$'000	$'000
Profit/(Loss) after taxation	**311**	(145,647)
Other comprehensive income/(loss), net of tax		
Items that may be classified subsequently to profit or loss:		
Net change in fair value of available-for-sale financial asset reclassified to profit or loss	**-**	(5,717)
Translation differences arising from translation of financial statements of foreign operations	**(329)**	1,812
Translation differences arising from monetary items forming part of net investments in foreign operations	**1,280**	(542)
Other comprehensive income/(loss) for the year	**951**	(4,447)
Total comprehensive income/(loss) for the year	**1,262**	(150,094)
Total comprehensive income / (loss) attributable to:		
Owners of the Company	**1,265**	(150,093)
Non-controlling interests	**(3)**	(1)
Total comprehensive income/(loss) for the year	**1,262**	(150,094)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	Share capital $'000 Note 11	Fair value reserve $'000	Currency translation reserve $'000 Note 12	Share option reserve $'000 Note 12	(Accumulated losses)/ Retained profits $'000 Note 12	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 August 2013	105,090	5,717	(12,218)	706	38,770	138,065	184	138,249
Total comprehensive loss for the year								
Loss for the year	-	-	-	-	(145,646)	(145,646)	(1)	(145,647)
Other comprehensive income								
Net change in fair value of available-for-sale financial asset reclassified to profit or loss	-	(5,717)	-	-	-	(5,717)	-	(5,717)
Translation differences arising from translation of foreign operations	-	-	1,812	-	-	1,812	-	1,812
Translation differences arising from monetary items forming part of net investments in foreign operations	-	-	(542)	-	-	(542)	-	(542)
Total other comprehensive loss	-	(5,717)	1,270	-	-	(4,447)	-	(4,447)
Total comprehensive loss for the year	-	(5,717)	1,270	-	(145,646)	(150,093)	(1)	(150,094)
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares pursuant to rights issues	12,818	-	-	-	-	12,818	-	12,818
Dividends on ordinary shares	-	-	-	-	(734)	(734)	-	(734)
Total contributions by owners	12,818	-	-	-	(734)	12,084	-	12,084
At 31 July 2014	117,908	-	(10,948)	706	(107,610)	56	183	239

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	Share capital $'000 Note 11	Currency translation reserve $'000 Note 12	Share option reserve $'000 Note 12	(Accumulated losses) $'000 Note 12	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 August 2014	**117,908**	**(10,948)**	**706**	**(107,610)**	**56**	**183**	**239**
Total comprehensive income for the year							
Profit for the year	-	-	-	**314**	**314**	**(3)**	**311**
Other comprehensive income							
Net change in fair value of available-for-sale financial asset reclassified to profit or loss	-	-	-	-	-	-	-
Translation differences arising from translation of foreign operations	-	**(329)**	-	-	**(329)**	-	**(329)**
Translation differences arising from monetary items forming part of net investments in foreign operations	-	**1,280**	-	-	**1,280**	-	**1,280**
Total other comprehensive income	-	**951**	-	-	**951**	-	**951**
Total comprehensive income for the year	-	**951**	-	**314**	**1,265**	**(3)**	**1,262**
Transactions with owners of the Company, recognised directly in equity							
Contributions by owners							
Issue of ordinary shares pursuant to share placement	**7,125**	-	-	-	**7,125**	-	**7,125**
Total contributions by owners	**7,125**	-	-	-	**7,125**	-	**7,125**
At 31 July 2015	**125,033**	**(9,997)**	**706**	**(107,296)**	**8,446**	**180**	**8,626**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Profit/(Loss) before taxation		**328**	(145,545)
Adjustments for:			
Depreciation of plant and equipment	4	**1,173**	1,900
Interest income	20(a)	**-**	(22)
Interest expense	20(b)	**227**	937
Plant and equipment written off	19(c)	**381**	-
Gain on disposal of plant and equipment	19(a)	**(357)**	(217)
Impairment loss on goodwill		**-**	64,484
Impairment loss on plant and equipment		**-**	2,370
Impairment loss on available-for-sale financial asset		**-**	1,940
Inventories written off		**282**	2,000
		2,034	(72,153)
Changes in working capital:			
- Inventories		**(141)**	658
- Trade and other receivables		**1,025**	60,318
- Trade and other payables		**(4,786)**	1,937
Cash used in operations		**(1,868)**	(9,240)
Income tax paid		**(30)**	(107)
Cash flows used in operating activities		**(1,898)**	(9,347)
Cash flows from investing activities			
Interest received		**-**	22
Purchase of plant and equipment (Note A)		**(342)**	(645)
Proceeds from disposal of plant and equipment		**941**	413
Cash flows generated from/(used in) investing activities		**599**	(210)
Cash flows from financing activities			
Interest paid		**(227)**	(937)
Repayment of finance lease liabilities		**(133)**	(148)
Proceeds from borrowings		**-**	2,050
Repayment of borrowings		**(2,279)**	(6,313)
Proceeds from issue of rights shares	11	**7,125**	12,818
Deposits pledged		**-**	5,419
Dividend paid to owners of the Company	28	**-**	(734)
Cash flows generated from financing activities		**4,486**	12,155
Net increase in cash and cash equivalents		**3,187**	2,598
Cash and cash equivalents at beginning of year		**(1,255)**	(3,270)
Effects of currency translation on cash and cash equivalents		**119**	(583)
Cash and cash equivalents at end of year	10	**2,051**	(1,255)

Notes:

A Plant and equipment

During the financial year ended 31 July 2015, plant and equipment amounting to $88,300 (2014: $Nil) was acquired through finance lease arrangements.

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The financial statements of the Group and the Company for the financial year ended 31 July 2015 were authorised for issue in accordance with a resolution of the directors on

1 CORPORATE INFORMATION

Xpress Holdings Ltd (“the Company”) is incorporated and domiciled in Singapore. The address of its registered office is No. 61 Tai Seng Avenue #03-03, Crescendas Print Media Hub, Singapore 534167. The Company is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the Company are those relating to investment holding. The principal activities of its subsidiaries are set out in Note 5 to the financial statements.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) under the historical cost convention, except as disclosed in the accounting policies below. The going concern basis is considered appropriate as the directors believe that, with the completion of the share placement exercise, the Group and Company will be able to pay its debts as and when they fall due.

Interpretations and amendments to published standard effective in 2014

On 1 August 2014, the Group adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 112 Disclosures of Interests in Other Entities

The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements and FRS 111 Joint Arrangements, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) Separate Financial Statements and FRS 28 (revised 2011) Investments in Associates and Joint Ventures.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for ‘investment entity’ from 1 January 2014. The Group has incorporated the additional required disclosures into the financial statements.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2 BASIS OF PREPARATION (CONT'D)

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It is also requires the use of certain critical accounting estimates and assumptions.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed as follows:

Critical accounting estimates and assumptions

Impairment of non-financial assets

Plant and equipment and investment in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of the assets and, where applicable, cash-generating units ("CGU"), have been determined based on higher of the fair value less costs to sell or value-in-use. If the carrying amounts exceed the recoverable amounts, an impairment loss is recognised in profit or loss for the differences.

The carrying amounts of plant and equipment and investments in subsidiaries are disclosed in Note 4 and Note 5 respectively.

Impairment of plant and equipment

The recoverable amounts of plant and equipment has been determined based on the fair value less costs to sell as determined by an independent professional valuer. Net impairment charge of $Nil (2014: $2,370,000) was recognised for plant and equipment in the financial year ended 31 July 2015, which reduced the carrying amounts of plant and equipment from $10,439,000 to $8,069,000. If the valuation of plant and equipment had been lower by 10%, the Group would have reduced the carrying value of plant and equipment by $806,900.

Impairment of investments in subsidiaries

Determining whether investments in and amounts due from subsidiaries are impaired requires an estimation of the value-in-use of these investments. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investments based on such estimates. As at 31 July 2015, the carrying value of investments in subsidiaries amounted to $4,000,000 (2014: $4,000,000).

The recoverable amounts of investments in subsidiaries have been determined based on value-in-use. No impairment losses were recognised for the financial year ended 31 July 2015 as management assessed that there were no indication that the carrying amount of investment in subsidiaries may not be recoverable. An impairment charge of $96,279,000 was recognised for investments in subsidiaries in the financial year ended 31 July 2014, which reduced the carrying amounts of investments in subsidiaries from $100,279,000 to $4,000,000.

If the estimated growth rate applied to the projected cash flows beyond the five-year period is reduced by 1% and the pre-tax discount rate applied to the value-in-use calculation is increased by 1%, the recoverable amount of investments in subsidiaries would be lower than its carrying amount by approximately $1,900,000.

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2 BASIS OF PREPARATION (CONT'D)

Critical accounting estimates and assumptions (cont'd)

Useful lives of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant and equipment to be within the range as indicated in the accounting policy for plant and equipment. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, leading to potential changes in future depreciation charges, impairment losses and/or write-offs. A 5% (2014: 5%) difference in the expected useful lives of these assets from management's estimates would result in approximately 1% variance in the Group's profit for the financial year (2014: 1% loss for the financial year). The carrying value of the plant and equipment of the Group at the reporting date amounted to $8,269,000 (2014: $8,069,000).

Allowance for doubtful receivables

Allowance for doubtful receivables of the Group is based on an evaluation of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed. The carrying value of trade receivables, including project receivable, and other receivables of the Group and the Company at the reporting date amounted to $6,845,000 (2014: $9,575,000) and $176,000 (2014: $770,000) respectively. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's and the Company's allowance for impairment will increase by $685,000 (2014: increase by $957,000) and $17,600 (2014: $77,000) respectively.

Impairment of available-for-sale financial assets

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

As disclosed in Note 7 to the financial statements, the Group's investment in the unquoted available-for-sale financial asset was fully impaired as at 31 July 2014 and 31 July 2015. Based on its latest audited accounts for the financial year ended 31 December 2014, the investee is in a negative equity position and is expected to remain in a non-cash generating position for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2 BASIS OF PREPARATION (CONT'D)

Critical accounting estimates and assumptions (cont'd)

Uncertain tax positions

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has unabsorbed tax losses, unabsorbed wear and tear allowances and unabsorbed investment allowance of approximately $2,175,000 (2014: $5,863,000), $829,000 (2014: $509,000) and $1,521,000 (2014: $1,521,000), respectively. These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses as deferred tax assets.

2.1 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group and the Company's accounting periods beginning on or after 1 August 2015 or later periods and which the Group and the Company has not early adopted:

Effective for annual periods beginning on or after 1 January 2015

- ❑ Improvements to FRSs (January 2014)
  - Amendment to FRS 102 Share-based payment
  - FRS 103 Business Combinations – FRS 108 Operating Segments
  - FRS 16 Property, Plant and Equipment
  - FRS 24 Related Party Disclosures
  - FRS 38 Intangible Assets

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2.1 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

- ❑ Improvements to FRSs (February 2014)
    - FRS 103 Business Combinations
    - FRS 113 Fair Value Measurement
    - Amendment to FRS 40 Investment Property
- ❑ Effective for annual periods beginning on or after 1 January 2016
    - Amendments to FRS 1: Disclosure Initiative
    - Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
    - FRS 114 Regulatory Deferral Accounts
    - Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception
    - Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants
    - Amendments to FRS 27: Equity Method in Separate Financial Statements
    - Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- ❑ Improvements to FRSs (November 2014)
    - FRS 105 Non-current Assets Held for Sale and Discontinued Operations
    - FRS 107 Financial Instruments: Disclosures – FRS 19 Employee Benefits – FRS 34 Interim Financial Reporting
- ❑ Effective for annual period beginning on or after 1 January 2017
    - FRS 115 Revenue from Contracts with Customers
- ❑ Effective for annual period beginning on or after 1 January 2018
    - FRS 109 Financial Instruments

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue from the rendering of services is measured at the fair value of the consideration received or receivable, net of goods and services taxes or other sales taxes and trade discounts. Revenue from the provision of print media services is recognised in the period in which the services are rendered.

Rental income from sub-leasing is recognised on a straight-line basis over the lease term.

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive the dividend is established.

Group accounting

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Acquisitions

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary measured at their fair value at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Group accounting (cont'd)

Acquisitions (cont'd)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount is recognised as "negative goodwill" in profit or loss immediately.

Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company . Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

Investments in subsidiaries

Investments in subsidiaries are carried at cost, less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Currency translation

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Singapore Dollars, which is also the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Currency translation (cont'd)

Transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from Singapore dollars are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of transactions; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses.

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Machineries	10 years
Motor vehicles	6 years
Office equipment	3 to 10 years
Furniture and fittings	3 to 10 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes freight and handling charges. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

As impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Plant and equipment

Investments in subsidiaries

Plant and equipment, and investment in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of these assets, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU, to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 9) and "cash and cash equivalents" (Note 10) on the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account1 which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

A significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial guarantees

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

Leases

(a) *When the Group is the lessee*

The Group leases motor vehicles and certain plant and machinery under finance leases and office, factories and warehouses under operating leases from non-related parties.

(i) *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

(a) When the Group is the lessee (cont'd)

(i) Lessee – Finance leases

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor

(i) Lessor – Operating leases

Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

Employee benefits

<u>Short-term employee benefits</u>

Short-term benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonuses if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

<u>Defined contribution plans</u>

Singapore

The Company makes contribution to Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefits (cont'd)

<u>Defined contribution plans (cont'd)</u>

People's Republic of China ("PRC")

The subsidiaries, incorporated and operating in PRC, are required to provide certain retirement plan contribution to their employees under the PRC regulations. Contributions are provided at rates stipulated by the PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees.

Contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

Share-based payments

The Group issues equity-settled share-based payments to directors and certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer who makes strategic resources allocation decisions.

3 GOODWILL

	2015	2014
	$'000	$'000
Group		
At Cost	**64,484**	64,484
Less: Impairment Losses	**(64,484)**	(64,484)
	-	-
Movement in impairment losses		
At 1 August	**(64,484)**	-
Impairment loss recognised	**-**	(64,484)
At 31 July	**(64,484)**	(64,484)

Goodwill on consolidation arose from the acquisition of the Precise Media Group Limited and its subsidiaries ("CGU").

During the previous financial year, the Group recognised an impairment charge of $64,484,000 as the CGU had excess printing capacity, slowdown in the Republic of China's (PRC) economy, credit tightening and lower in corporate and government spending in the PRC. Accordingly, the CGU's carrying amount exceeded its recoverable amount by approximately $66,854,000. Impairment loss was included within "other expenses" in the income statement. Impairment loss recognised in respect of the CGU was allocated first to reduce the carrying amount of goodwill allocated to the CGU amounting to $64,484,000. The remaining impairment loss amounting to $2,370,000 (Note 4) was then allocated to reduce the carrying amounts of the other assets in the CGU on a *pro rata* basis.

The recoverable amount of the CGU was based on value-in-use calculation using five-year financial budgets approved by the management. The Group estimated value in use using a discounted cash flow model. Cash flows are projected using the anticipated revenue growth rate of 3% per annum. The growth rate used was based on past performance and market development growth and did not exceed the current estimated long-term average growth rate for the business in which the CGU operates. A pre-tax discount rate of 19.4% was applied to the cash flow projections with a terminal growth rate of 3%. The terminal growth rate used for the CGU did not exceed management's expectation of the long term average growth rate of the industry and country in which the CGU operates.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

4 PLANT AND EQUIPMENT

	Machineries $'000	Motor vehicles $'000	Office equipment $'000	Furniture and fittings $'000	Total $'000
Group					
Cost					
At 1 August 2013	20,436	1,626	9,166	7,958	39,186
Exchange differences	(267)	(8)	(30)	(67)	(372)
Additions	11	-	211	439	661
Disposals	(2,464)	(335)	(11)	(62)	(2,872)
At 31 July 2014	**17,716**	**1,283**	**9,336**	**8,268**	**36,603**
Exchange differences	**1,138**	**21**	**100**	**275**	**1,534**
Additions	**1,165**	**93**	**1**	**249**	**1,508**
Disposals	**(2,439)**	**(302)**	**(936)**	**(1,967)**	**(5,644)**
Written off	**-**	**-**	**-**	**(3,857)**	**(3,857)**
At 31 July 2015	**17,580**	**1,095**	**8,501**	**2,968**	**30,144**
Accumulated depreciation and impairment losses					
At 1 August 2013	11,191	782	8,733	6,372	27,078
Exchange differences	(56)	(6)	(22)	(54)	(138)
Impairment charge	2,370	-	-	-	2,370
Depreciation for the year	879	210	274	537	1,900
Disposals	(2,343)	(194)	(9)	(130)	(2,676)
At 31 July 2014	**12,041**	**792**	**8,976**	**6,725**	**28,534**
Exchange differences	**418**	**18**	**64**	**204**	**704**
Depreciation for the year	**545**	**134**	**108**	**386**	**1,173**
Disposals	**(2,151)**	**(212)**	**(928)**	**(1,643)**	**(4,934)**
Written off	**-**	**-**	**-**	**(3,602)**	**(3,602)**
At 31 July 2015	**10,853**	**732**	**8,220**	**2,070**	**21,875**
Carrying amount					
At 31 July 2014	5,675	491	360	1,543	8,069
At 31 July 2015	**6,727**	**363**	**281**	**898**	**8,269**

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

4 PLANT AND EQUIPMENT (CONT'D)

Company	**Motor vehicles $'000**	**Office equipment $'000**	**Total $'000**
Cost			
At 1 August 2013	468	40	508
Additions	-	-	-
At 31 July 2014	**468**	40	**508**
Additions	**-**	-	**-**
Disposal	**(212)**	-	**(212)**
At 31 July 2015	**256**	40	**296**
Accumulated depreciation			
At 1 August 2013	81	40	121
Depreciation for the year	78	-	78
At 31 July 2014	**159**	**40**	**199**
Depreciation for the year	**78**	**-**	**78**
Disposal	**(130)**	**-**	**(130)**
At 31 July 2015	**107**	**40**	**147**
Carrying amount			
At 31 July 2014	309	**-**	**309**
At 31 July 2015	**149**	**-**	**149**

(a) Details of the carrying amounts of plant and equipment secured under finance lease agreements (Note 13) are as follows:

	Group		**Company**	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Motor vehicles	**339**	469	**149**	309
Machinery	**-**	440	**-**	-
	339	909	**149**	309

(b) Impairment loss

During the financial year ended 31 July 2015, an impairment loss of $Nil (2014: $2,370,000) was recognised with respect to plant and equipment.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5 SUBSIDIARIES

Company	2015	2014
	$'000	$'000
Unquoted equity shares, at cost	85,233	85,233
Amounts due from subsidiaries - non-trade	27,235	27,235
	112,468	112,468
Less: Impairment losses		
Investment in subsidiaries	(81,233)	(81,233)
Amounts due from subsidiaries - non-trade	(27,235)	(27,235)
	(108,468)	(108,468)
	4,000	4,000
Movement in impairment losses - Investment in subsidiaries		
At 1 August	81,233	8,746
Amount recognised	-	72,487
At 31 July	81,233	81,233
Movement in impairment losses - Amounts due from subsidiaries - non-trade		
At 1 August	(27,235)	-
Impairment loss recognised	-	(27,235)
At 31 July	(27,235)	(27,235)

The non-current non-trade amounts due from subsidiaries are unsecured and have no fixed terms of repayment. These amounts bear interest at 6% (2014: 6%) per annum. These are stated at cost as they are considered quasi-equity in nature.

Based on debt recovery assessments performed on amounts due from subsidiaries at the end of each reporting date, an impairment loss of $nil (2014: $27,235,000) was recognised in the Company's Income Statement.

Details of subsidiaries are as follows:

Name of subsidiaries	Country of business incorporation	Proportion of ordinary shares held by Group		Proportion of ordinary shares held by non-controlling interest		Principal activities
		2015	2014	2015	2014	
		%	%	%	%	
Xpress Print (Pte) Ltd [1]	Singapore	100	100	-	-	Provision of general printing, multimedia and pre-press work
Xpress Print (Shenzhen) Co., Ltd [2]	PRC	100	100	-	-	Provision of general printing, multimedia and pre-press work

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of business incorporation	Proportion of ordinary shares held by Group		Proportion of ordinary shares held by non-controlling interest		Principal activities
		2015	2014	**2015**	2014	
		%	%	**%**	%	
Precise Media Group Limited (2)	British Virgin Islands	**100**	100	**-**	-	Investment holding
Xpress Print (Vietnam) Co., Ltd (3)	Vietnam	**100**	100	**-**	-	Inactive
Xpress Print (K.L.) Sdn Bhd (2)	Malaysia	**100**	100	**-**	-	General printers
Xpress New Media Pte Ltd (1)	Singapore	**100**	100	**-**	-	Provision of one-stop print-related services and printer consultancy services
Xpress Print (Australia) Pty Ltd (3)	Australia	**76**	76	**24**	24	Pre-press work
Xpress Print (H.K.) Limited (3)	Hong Kong	**100**	100	**-**	-	General trading
Print Planner (Hong Kong) Limited (3)	Hong Kong	**100**	100	**-**	-	Provision of one-stop print-related services and printer consultancy services
Xpress Print (Shanghai) Co., Ltd (2)	PRC	**100**	100	**-**	-	Provision of pre-press production related technical support service
Print Planner (Shenzhen) Limited (2)	PRC	**100**	100	**-**	-	Provision of print-related services and printer consultancy services
Print Planner (Int'l) Limited (2)	Hong Kong	**100**	100	**-**	-	Provision of print-related services and printer consultancy services
Xpress Media Philippines Inc. (3)	Philippines	**100**	100	**-**	-	Inactive

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of business incorporation	Proportion of ordinary shares held by Group		Proportion of ordinary shares held by non-controlling interest		Principal activities
		2015	2014	**2015**	2014	
		%	%	**%**	%	
Print Planner (Chengdu) Limited (2)	PRC	**100**	100	**-**	-	Provision of pre-press production related technical support service
Print Planner (Beijing) Limited (2)	PRC	**100**	100	**-**	-	Provision of pre-press production related technical support service
Shenzhen Xpress Print Technology Co., Ltd (2)	PRC	**100**	100	**-**	-	Provision of pre-press production related technical support service
Print Planner (Shenyang) Co., Ltd (2)	PRC	**100**	100	**-**	-	Provision of pre-press production related technical support service

(1) Audited by Nexia TS Public Accounting Corporation.

(2) For the purpose of preparing the consolidated financial statements, these financial statements have been audited by Nexia TS Public Accounting Corporation.

(3) The subsidiaries are dormant and were not audited as they are not significant to the Group.

Significant restrictions

Cash and bank balances of $24,000 are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Carrying value of non-controlling interests

	2015	2014
	$'000	$'000
Xpress Print (Australia) Pty Ltd	**180**	183

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5 SUBSIDIARIES (CONT'D)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 July 2015 and 2014.

Summarised balance sheet

	2015	2014
	$'000	$'000
Current		
Assets	**597**	611
Liabilities	**(10)**	(9)
Total current net liabilities	**587**	602

Summarised income statement

	2015	2014
	$'000	$'000
Revenue	**15**	40
Loss before income tax	**(14)**	(7)
Income tax expense	**-**	-
Total comprehensive loss, representing net loss	**(14)**	(7)

Statement of cash flows

	2015	2014
	$'000	$'000
Cash flows from operating activities		
Cash used in operations	**(60)**	(1)
Net cash used in operating activities	**(60)**	(1)
Net cash used in investing activities	**(7)**	-
Net cash generated from financing activities	**67**	-
Net increase in cash and bank balances	**-**	(1)
Cash and bank balances at the beginning of the year	**51**	52
Cash and bank balances at end of the year	**51**	51

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

6 AMOUNTS DUE FROM / TO SUBSIDIARIES

Company	2015	2014
	$'000	$'000
Current		
Amounts due from subsidiaries		
- trade	**33,254**	33,254
- non-trade	**37,451**	31,953
	70,705	65,207
Less: Impairment losses		
At 1 August	**(64,979)**	(1,361)
Impairment loss recognised	**-**	(63,617)
At 31 July	**(64,979)**	(64,978)
	5,726	229
Amounts due to subsidiaries		
- trade	**39**	-
- non-trade	**2,134**	-
	2,173	-

During the current financial year, the Company recognised impairment losses of $Nil (2014: $63,617,000) on the current trade and non-trade amounts due from subsidiaries.

The current non-trade amounts due from subsidiaries are unsecured and have no fixed terms of repayment. These amounts bear interest at 6% (2014: 6%) per annum. These are stated at cost as they are considered quasi-equity in nature.

The current non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Unquoted equity securities, at fair value				
At 1 August	**7,657**	7,657	**7,642**	7,642
Impairment loss	**(7,657)**	(7,657)	**(7,642)**	(7,642)
At 31 July	**-**	-	**-**	-

As the investee is not listed on any stock exchange, a quoted market price is not available. The investee company was supposed to seek a public listing in the People's Republic of China (PRC) which did not materialise. The investee company, being in the traditional printing industry, has been badly affected by the decline in business prospects in the PRC. Based on the statutory accounts for the financial year ended 31 December 2014 of the investee company, the investee company incurred a net loss during the financial year ended 31 December 2014 and the investee company's total liabilities exceeded its total assets. The investee's management have also represented that they are not optimistic that the investee will start generating positive cash flows in the foreseeable future. Accordingly, management had recognised an impairment of the investment of $1,940,000, and reversed $5,717,000 of the cumulative gain in fair value reserve to profit or loss in the previous financial year.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

8 INVENTORIES

Group	2015 $'000	2014 $'000
Raw materials and consumables	**1,363**	1,504

Cost of inventories recognised as expense and write-down of inventories to net realisable were included in "Raw materials and consumables used" in the consolidated income statement amounting to $2,891,000 (2014: $6,105,000) and $nil (2014: $2,000,000), respectively.

9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Trade receivables	**54,969**	56,126	**16**	-
Less: Impairment losses	**(49,996)**	(50,767)	**-**	-
	4,973	5,359	**16**	-
Project receivable #	8,265	8,265	-	-
Less: Impairment losses	(8,265)	(8,265)	-	-
	-	-	**-**	-
	4,973	5,359	**16**	-
Other receivables				
Sundry receivables	**7,787**	8,496	**61**	614
Advances to staff	**59**	64	**25**	33
Receivable from divestment of investment	**4,269**	4,269	**4,269**	4,269
Deposits	**3,544**	2,727	**58**	16
	15,659	15,556	**4,413**	4,932
Advance payment to paper suppliers	**2**	12	**-**	-
Prepayments	**32**	2,469	**16**	107
	15,693	18,037	**4,429**	5,039
Less: Impairment losses	**(13,821)**	(13,821)	**(4,269)**	(4,269)
	1,872	4,216	**160**	770

Project receivable relates to revenue derived by a subsidiary from a print project with a publisher during the financial year ended 31 July 2010. Under this project, the subsidiary manages the print supply chain management and the publisher manages the marketing and distribution functions. During the financial year ended 31 July 2012, due to the implementation of the new marketing strategy by the business partner, the time to receipt of payment from the publisher was revised from 2013 to 2014.

There were no additional impairment losses on project receivables, trade receivables and other receivables during the financial year ended 31 July 2015 (2014: $8,265,000; $43,046,000 and $12,651,000 respectively). Other receivables impaired in the previous financial year comprised sundry receivables, receivables from divestment of investment and deposits amounting to $5,965,000, $4,269,000, and $2,417,000, respectively. Management concluded that collectability of the debts that were impaired was not probable with the passage of time.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

10 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash at bank	**3,150**	104	**2,785**	-
Cash on hand	**-**	5	**-**	3
Fixed deposits	**540**	540	**-**	-
	3,690	649	**2,785**	3

	2015	2014
Group	**$'000**	$'000
Cash and cash equivalents in the consolidated statement of financial position	**3,690**	649
Bank overdraft (Note 16)	**(1,099)**	(1,364)
Fixed deposits pledged as security for the Group's banking facilities (Note 16)	**(540)**	(540)
Cash and cash equivalents in the consolidated statement of cash flows	**2,051**	(1,255)

At the reporting date, the weighted average effective interest rate on fixed deposits is 0.75% (2014: 0.75%) per annum.

11 SHARE CAPITAL

	No. of shares			
	2015	2014	**2015**	2014
	'000	'000	**$'000**	$'000
Ordinary shares issued and fully paid, with no par value				
At 1 August	**2,447,928**	1,748,520	**117,908**	105,090
Issue of placement shares	**1,100,000**	699,408	**7,125**	12,818
At 31 July	**3,547,928**	2,447,928	**125,033**	117,908

During the financial year, the Company (i) allotted and issued 1,100,000,000 placement shares at an issue price of $ 0.007 per placement share and (ii) issued 2,200,000,000 unlisted and detachable free warrants, each carrying the right to subscribe for one new share at the exercise price of $0.007 (the "Share Placement"). The proceeds from the Share Placement (net of professional fees for the Placement) were $7,125,000.

During the previous financial year, the Company allotted and issued 699,408,000 new rights shares at an issue price of $0.018328 per share, on the basis of 2 rights share for every 5 existing ordinary shares, the Rights Issue was completed on 7 November 2013. The proceeds from the Rights Issue (net of professional fees for the Rights Issue) were $12,818,000.

All issued shares are fully paid and have no par value. The Company has one class of ordinary shares which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

12 RESERVES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Currency translation reserve	**(9,997)**	(10,948)	**-**	-
Share option reserve	**706**	706	**706**	706
Accumulated losses	**(107,296)**	(107,610)	**(118,871)**	(117,965)
	(116,587)	(117,852)	**(118,165)**	(117,259)

Currency translation reserve

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company, as well as foreign exchange differences arising from the translation of monetary items that in substance form part of the Company's net investment in foreign operations.

Share option reserve

The share option reserve comprises the cumulative value of services received from employees and directors recorded in respect of the grant of share options.

13 FINANCE LEASE LIABILITIES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Lease payments payable:				
Not later than one year	**435**	474	**38**	72
Later than one year and not later than five years	**763**	854	**133**	266
Later than five years	**21**	34	**-**	19
Future minimum lease payments	**1,219**	1,362	**171**	357
Less: Amounts representing future finance charges	**(60)**	(69)	**(26)**	(46)
Present value of minimum lease payments	**1,159**	1,293	**145**	311

The present values of finance lease liabilities are analysed as follows:

Not later than one year	**433**	577	**30**	62
Later than one year:				
Between one year and five years	**712**	700	**115**	233
Later than five years	**14**	16	**-**	16
	726	716	**115**	249
	1,159	1,293	**145**	311

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

13 FINANCE LEASE LIABILITIES (CONT'D)

The weighted average nominal interest rates of the finance lease liabilities is as follows:

	Group		Company	
	2015	2014	**2015**	2014
	2.26%	3.27%	**2.28%**	2.13%

14 DEFERRED TAX LIABILITIES

Deferred tax liabilities at the end of the year consists of the following:

	Deferred tax assets		Deferred tax liabilities	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Group				
Plant and equipment	**-**	-	**-**	20
Company				
Plant and equipment	**-**	-	**-**	20

Movement in temporary differences during the year is as follows:

	Balance at 1 August 2013 $'000	Recognised in profit or loss $'000	Balance at 31 July 2014 $'000	Recognised in profit or loss $'000	Balance at 31 July 2015 $'000
Group					
Plant and equipment	20	-	**20**	**(20)**	**-**
Company					
Plant and equipment	20	**-**	**20**	**(20)**	**-**

At the reporting date, the Group had unabsorbed tax losses, unabsorbed wear and tear allowances and unabsorbed investment allowance of approximately $2,175,000 (2014: $5,863,000), $829,000 (2014: $509,000) and $1,521,000 (2014: $1,521,000), respectively, that are available for carry forward and set-off against future taxable income, subject to agreement by the tax authorities and compliance with certain provisions of the tax legislations of the respective countries in which the subsidiaries operate. Deferred tax assets have not been recognised in respect of unabsorbed tax losses, unabsorbed wear and tear allowances and unabsorbed investment allowance, because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade payables	**3,410**	5,111	**760**	485
Other payables:				
Accrued expenses	**3,387**	4,831	**1,265**	1,825
Fixed assets vendors	**10**	72	**-**	-
Accrued directors' fees	**391**	382	**354**	382
Rental deposit	**130**	279	**-**	-
Loan from a major shareholder(#)	**553**	-	**553**	-
Other payables	**1,380**	3,912	**718**	1,637
	5,851	9,476	**2,890**	3,844
	9,261	14,587	**3,650**	4,329

The working capital loan provided by the Company's Board Chairman, who is also a major shareholder of the Company is unsecured, interest-free and has no fixed terms of repayment.

16 BORROWINGS

Group	**Nominal interest rate**	**Year of maturity**	**2015 $'000**	2014 $'000
Current				
Term loans (unsecured) [(1)]	**5.00%**	2014	**-**	496
Revolving loan (secured) [(A)]	**5.33%**	2015	**-**	740
Loan I [(1)]	**5.33%**	2014	**-**	720
Loan ii[(1)]	**0.79%**	2014	**-**	323
(i)			**-**	2,279
Bank overdraft (secured) [(2)]	**5.00% - 8.25%**	2014	**-**	712
Bank overdraft (secured) [(2)]	**5.25%**	2015	**1,099**	652
(ii)			**1,099**	1,364
Total (i)+(ii)			**1,099**	3,643

(1) These loans are fully repaid as at 31 July 2015.

(2) The bank overdraft is secured by fixed deposits of $0.54 million (2014: $0.54 million) (Note 10).

(A) On 8 July 2014, a merchant bank (the "Merchant Bank") issued a writ of summons against the Company and Xpress Print Pte Ltd for a sum of $734,287 owning by Xpress Print Pte Ltd to the Merchant Bank. Xpress Print Pte Ltd has breached certain financial covenants in the loan agreement. On 19 August 2014, the Company entered into a settlement agreement with the Merchant Bank in respect of the writ of summons. Pursuant to the terms of the settlement agreement, the Merchant Bank withdrew and discontinued its legal proceedings against the Group.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

17 EQUITY COMPENSATION

Share option scheme

The Xpress Holdings Executives' Share Option Scheme (the "SOS") was approved by its members at an Extraordinary General Meeting held on 25 June 2001. The SOS is administered by the Remuneration Committee.

Other information regarding the SOS is set out below:

(a) Options granted to employees and executive directors have a contractual life of 10 years commencing from the date of grant and expiring on the day immediately preceding the 10th anniversary of the date of grant.

(b) Options granted to non-executive directors of the Group have a contractual life of 5 years commencing from the date of grant and expiring on the day immediately preceding the 5th anniversary of the date of grant.

(c) The options vest one year from the date of grant.

(d) All options are settled by physical delivery of shares.

The SOS had expired on its 10th anniversary on 25 June 2011 as the Company did not seek a renewal mandate from the shareholders as required under the Terms and Conditions of the SOS.

Details of the share options are as follows:

Date of grant	Balance at 01.08.2013	Granted during the year	Cancelled/ lapsed/ forfeited during the year	Exercised during the year	Balance at 31.07.2014	Exercise price	Expiry date
11.12.2003	281,000	-	(281,000)	-	**-**	$0.0642	10.12.2013
04.12.2006	1,800,000	-	(300,000)	-	**1,500,000**	$0.1563	03.12.2016
01.03.2007	3,300,000	-	(300,000)	-	**3,000,000**	$0.1446	28.02.2017
10.03.2008	4,000,000	-	(2,000,000)	-	**2,000,000**	$0.1052	09.03.2018
22.09.2008	17,400,000	-	(17,400,000)	-	**-**	$0.0614	21.09.2013
20.10.2008	4,000,000	-	(2,000,000)	-	**2,000,000**	$0.0438	19.10.2018
	30,781,000	-	(22,281,000)	-	**8,500,000**		

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

17 EQUITY COMPENSATION (CONT'D)

Share option scheme (cont'd)

Date of grant	Balance at 01.08.2014	Granted during the year	Cancelled/ lapsed/ forfeited during the year	Exercised during the year	Balance at 31.07.2015	Exercise price	Expiry date
04.12.2006	1,500,000	-	(600,000)	-	**900,000**	$0.1563	03.12.2016
01.03.2007	3,000,000	-	-	-	**3,000,000**	$0.1446	28.02.2017
10.03.2008	2,000,000	-	(2,000,000)	-	**-**	$0.1052	09.03.2018
20.10.2008	2,000,000	-	(2,000,000)	-	**-**	$0.0500	19.10.2018
	8,500,000	-	(4,600,000)	-	**3,900,000**		

During the financial year ended 31 July 2015, 4,000,000 (2014: nil) share options were forfeited and 600,000 (2014: 2,400,000) share options have expired.

As at 31 July 2015, 3,900,000 (2014: 8,500,000) share options were exercisable.

The weighted average remaining contractual life of share options outstanding at 31 July 2015 is 1.5 (2014 – 3.2) years.

The fair value of services received in return for options granted is measured by reference to the fair value of options granted. The fair value of the options granted is measured based on the Black-Scholes valuation model.

18 REVENUE

	2015 $'000	2014 $'000
Group		
Print media services	**11,946**	13,643

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

19(a) Other income

Group	2015 $'000	2014 $'000
Rental income	**31**	657
Bad debts recovered	**7**	-
Gain on disposal of plant and equipment	**357**	274
Miscellaneous income	**198**	59
	593	990

19(b) Staff costs

Group	2015 $'000	2014 $'000
Directors' fees:		
• directors of the Company		
o Current year	**138**	240
o Prior years	**(150)**	-
• directors of a subsidiary	**5**	11
Directors' remuneration other than fees		
• directors of the Company	**464**	943
• contributions to defined contribution plans	**21**	9
• directors of a subsidiary	**268**	452
• contributions to defined contribution plans	**16**	15
Key management personnel (other than directors):		
• salaries, wages and other related costs	**434**	616
• contributions to defined contribution plans	**77**	38
Key management personnel compensation	**1,273**	2,324
Other than directors and key management personnel:		
• salaries, wages and other related costs	**2,922**	5,390
• contributions to defined contribution plans	**441**	635
	4,346	8,349

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

19(c) Other expenses

Group	Note	**2015 $'000**	2014 $'000
Corporate and legal expenses		**1,056**	1,429
Audit fees			
- Current year		**170**	209
Bank charges		**21**	126
Insurance expense		**3**	31
Loss on disposal of plant and equipment		**-**	57
Marketing expenses		**428**	1,268
Operating lease expense - offices, factories and warehouses		**1,160**	2,284
Printing expenses and postage		**47**	76
Property tax		**-**	127
Plant and equipment written off		**381**	-
Repair and maintenance of equipment		**229**	82
Stamp duty		**24**	29
Telecommunication expense		**135**	177
Utilities		**236**	476
Upkeep of motor vehicles		**145**	224
Impairment loss on goodwill	3	**-**	64,484
Impairment loss on plant and equipment	4	**-**	2,370
Impairment loss on available-for-sale financial asset	7	**-**	1,940
Impairment loss on project receivable	9	**-**	8,265
Impairment loss on trade receivables	9	**(771)**	43,046
Impairment loss on other receivables	9	**-**	12,651
Others		**155**	2,686
		3,419	142,037

20(a) Interest income

Group	**2015 $'000**	2014 $'000
Interest income on fixed deposits	**-**	22

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

20(b) Finance costs

	2015	2014
	$'000	$'000
Group		
Interest expense		
- Bank overdraft	91	238
- Bank loans	113	676
- Receivable finance	-	5
- Finance lease liabilities	23	18
	227	937

21 INCOME TAX EXPENSE

21.1 Income tax expense – income statement

	2015	2014
Group	$'000	$'000
Current tax expense		
Under provided in prior years	37	102
Deferred tax expense		
Origination and reversal of temporary differences	(20)	-
	17	102

Reconciliation of effective tax rate

	2015	2014
Group	$'000	$'000
Profit/(Loss) before taxation	328	(145,545)
Tax calculated using Singapore tax rate of 17% (2014: 17%)	56	(24,742)
Non-deductible expenses	497	11,243
Effects of tax rates in foreign jurisdictions	-	688
Utilisation of previously unrecognised tax benefits	(627)	(386)
Deferred tax asset on current year losses not recognised	54	537
Deferred tax on temporary differences not recognised	-	12,660
Under provided in prior years	37	102
	17	102

Under the group tax relief system introduced by the Inland Revenue Authority of Singapore ("IRAS"), a Singapore incorporated company may, upon satisfaction of the criteria set out by the IRAS, transfer its current year's unabsorbed capital allowances, trade losses and donations to another company belonging to the same group, to be deducted against the assessable income of the latter company.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

21 INCOME TAX EXPENSE (CONT'D)

21.2 Income tax expense – other comprehensive income, net of tax

Disclosure of tax effect relating to each component of other comprehensive income:	**2015** Before tax $'000	**2015** Tax expense $'000	**2015** Net of tax $'000	2014 Before tax $'000	2014 Tax expense $'000	2014 Net of tax $'000
Currency translation differences	**951**	**-**	**951**	1,270	-	1,270

22 EARNING/(LOSS) PER SHARE

For purposes of calculating basic and diluted earnings per share, the weighted average number of ordinary shares was adjusted to take into account the effect arising from the rights issue undertaken by the Company on 7 November 2013 ("Rights Issue"). Earnings per share for the last financial year had been restated with the above adjustment.

Group	**2015 $'000**	2014 $'000
Basic earnings(loss)/ earnings per share is based on:		
Earnings/(loss) after taxation attributable to owners of the Company	**314**	(145,646)

Group	**Number of shares '000**	'000
Weighted average number of ordinary shares outstanding during the year	**2,273,429**	2,262,058
Restatement adjustment for Rights Issue	**9,041**	11,371
Weighted average number of ordinary shares for basic earnings per share computation	**2,282,470**	2,273,429

Group	**2015**	2014
(Loss)/ Earnings per share (cents)		
- Basic	**0.01**	(6.41)
- Diluted	**0.01**	(6.41)

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

23 COMMITMENTS

Operating lease commitments

The Group as lessor

The Group sublets part of its leasehold building to third parties. The subleases contain initial non-cancellable periods of two to three years with options to renew at market rates thereafter.

The Group as lessee

The Group leases a number of office premises and factory and warehouse facilities under operating leases.

Non-cancellable operating lease rentals are payable as follows:

Group	2015	2014
	$'000	$'000
Lease rentals payable:		
Not later than one year	**942**	1,153
Later than one year and not later than five years	**2,567**	487
Later than five years	**-**	1,623
	3,509	3,263

24 OPERATING SEGMENTS

For management reporting purposes, the Group is organised into the following reportable operating segments:

(a) Print Media - involved in the printing of financial research reports, annual reports, asset management reports, Initial public offering prospectuses, corporate brochures, yearbooks, trade directories, magazines and other commercial publications and collaterals.

(b) Corporate - includes investment holdings and Corporate Office which incurs general corporate expenses and derives revenue from management fees and interest income from subsidiaries.

Segment accounting policies are the same as the policies described in Note 2.2. Intra- and inter-segment transactions were carried out at terms agreed between the parties during the financial year. Intra- and inter-segment transactions were eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

24 OPERATING SEGMENTS (CONT'D)

Segment revenue and expense:

Segment revenue and expenses are the operating revenue and expenses reported in the Group's income statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities:

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Capital expenditure includes the total cost incurred to acquire plant and equipment directly attributable to the segment.

Group cash resources, financing activities and income taxes are managed on a group basis and are not allocated to operating segments. Unallocated assets comprise cash and cash equivalents. Unallocated liabilities comprise borrowings, finance lease liabilities and income tax payable.

The Group Chief Executive Officer ("Group CEO") monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/loss before income tax, as included in the internal management reports that are reviewed by the Group CEO.

	Print Media		Corporate		Eliminations		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Sales to external customers	**11,946**	13,643	**272**	-	**-**	-	**11,946**	13,643
Inter-segment sales	**284**	1,171	**-**	-	**(284)**	(1,171)	**-**	-
Segment revenue	**12,230**	14,814	**272**	-	**(284)**	(1,171)	**11,946**	13,643
Segment results	**1,250**	(125,741)	**(861)**	(18,867)	**166**	-	**555**	(144,608)
Finance costs							**(227)**	(937)
Profit/(Loss) before taxation							**328**	(145,545)
Income tax expense							**(17)**	(102)
Profit/(Loss) for the year							**311**	(145,647)
Assets and liabilities:								
Segment assets	**13,367**	18,067	**3,110**	1,377	**-**	-	**16,477**	19,148
Unallocated assets							**3,690**	649
Total assets							**20,167**	19,797
Segment liabilities	**4,897**	6,094	**4,363**	3,736	**-**	-	**9,260**	16,923
Income tax payable							**22**	15
Deferred tax liabilities							**-**	20
Unallocated liabilities							**2,259**	2,600
Total liabilities							**11,541**	19,558

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

24 OPERATING SEGMENTS (CONT'D)

Segment assets and liabilities: (cont'd)

	Print Media		Corporate		Eliminations		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Other segment information:								
Capital expenditure	**1,508**	661	**-**	-	**-**	-	**1,508**	661
Depreciation of plant and equipment	**1,095**	1,822	**78**	78	**-**	-	**1,173**	1,900
Interest income	**-**	(2)	**-**	(20)	**-**	-	**-**	(22)
Interest expense	**162**	802	**65**	135	**-**	-	**227**	937
Plant and equipment written off	**381**	-	**-**	-	**-**	-	**381**	-
Gain on disposal of plant and equipment	**(345)**	(274)	**(12)**	-	**-**	-	**(357)**	(274)
Impairment loss on goodwill	**-**	64,484	**-**	-	**-**	-	**-**	64,484
Impairment loss on plant and equipment	**-**	2,370	**-**	-	**-**	-	**-**	2,370
Impairment loss on available-for- sale financial asset	**-**	-	**-**	1,940	**-**	-	**-**	1,940
Impairment loss on project receivables	**-**	8,265	**-**	-	**-**	-	**-**	8,265
Impairment loss on trade receivables	**-**	43,046	**-**	-	**-**	-	**-**	43,046
Impairment loss on other receivables	**(771)**	8,372	**-**	4,279	**-**	-	**(771)**	12,651

Segment revenue is analysed based on the location of customers regardless of where the services are produced. Total assets and capital expenditure are based on the geographical location of the assets.

The following table presents revenue, total assets and capital expenditure information based on the geographical location of customers and assets:

	Revenue		Segment assets		Capital expenditure	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Singapore	**8,514**	10,391	**6,306**	5,810	**263**	120
Malaysia	**381**	500	**436**	271	**52**	8
China and Hong Kong	**3,001**	2,649	**13,151**	13,471	**1,193**	533
Others	**50**	103	**274**	245	**-**	-
Total	**11,946**	13,643	**20,167**	19,797	**1,508**	661

Revenue of $3.7 million (2014: $0.9 million) are derived from three (FY2014: one) external customers.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

25 FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Group is exposed to credit risk, market risk (including foreign currency and interest rate risks) and liquidity risk in the normal course of the Group's business.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to set out its overall business strategies, tolerance of risk and general risk management philosophy. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

Group	**2015**	2014
	$'000	$'000
Loans and receivable at amortised cost		
Trade receivables	**4,973**	5,359
Other receivables	**1,838**	1,735
Cash and cash equivalents	**3,690**	649
	10,501	7,743

Group	**2015**	2014
	$'000	$'000
Financial liabilities at amortised cost		
Trade and other payables	**9,261**	14,587
Borrowings	**1,099**	3,643
Finance lease liabilities	**1,159**	1,293
	11,519	19,523

Company	**2015**	2014
	$'000	$'000
Loans and receivable at amortised cost		
Trade receivables	**16**	-
Amounts due from subsidiaries (current)	**5,726**	229
Other receivables	**144**	663
Cash and cash equivalents	**2,785**	3
	8,671	895

NOTES TO THE FINANCIAL STATEMENT

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25 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

Company	**2015**	2014
	$'000	$'000
Financial liabilities at amortised cost		
Other payables	**3,650**	4,329
Amounts due to subsidiaries	**2,173**	-
Finance lease liabilities	**145**	311
	5,968	4,640

(b) Credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group manages credit risk by monitoring credit-worthiness and limiting the aggregate risk to any individual counterparty.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from such defaults. The Group does not require collateral from its customers.

Cash balances and fixed deposits are placed with reputable financial institutions of high credit ratings.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the reporting date, 5 customers (2014: 1) of a subsidiary collectively accounted for approximately 51% (2014: 51%) of gross trade receivables of the Group. There are no other significant concentrations of credit risk to the Group.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

25 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

The credit risk for trade and other receivables after allowance for impairment losses by geography is as follows:

	Group		Company	
	2015	2014	**2015**	2014
Trade receivables	**$'000**	$'000	**$'000**	$'000
By Geographical areas				
Singapore	**1,219**	1,428	**16**	-
Malaysia	**-**	51	**-**	-
China and Hong Kong	**3,675**	3,838	**-**	-
Others	**79**	42	**-**	-
	4,973	5,359	**16**	-

	Group		Company	
	2015	2014	**2015**	2014
Other receivables	**$'000**	$'000	**$'000**	$'000
By Geographical areas				
Singapore	**1,220**	2,916	**160**	770
Malaysia	**269**	45	**-**	-
China and Hong Kong	**308**	1,176	**-**	-
Others	**75**	79	**-**	-
	1,872	4,216	**160**	770

Impairment losses

No aging analysis is presented for other receivables as they are not on credit terms. The ageing of project receivable and trade receivables that were not impaired at the reporting date was:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade receivables				
Not past due and not impaired	**503**	678	**16**	-
Past due less than 3 months	**2,287**	555		
Past due more than 3 months but less than 6 months	**386**	393	**-**	-
Past due more than 6 months but less than 12 months	**311**	135	**-**	-
Past due more than 12 months	**1,486**	3,598	**-**	-
	4,973	5,359	**16**	-
Other receivables				
Outstanding less than 1 year	**1,872**	2,835	**160**	770
Outstanding more than 1 year	**-**	1,381	**-**	-
	1,872	4,216	**160**	770

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

25 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

The following is an analysis of the movements in impairment losses in respect of project receivable, trade receivables and other receivables:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Impairment loss – Project receivable				
At 1 August	**8,265**	-	**-**	-
Amount recognised	**-**	8,265	**-**	-
Write-off	**(8,265)**	-		
At 31 July	**-**	8,265	**-**	-
Impairment loss - Trade receivables				
At 1 August	**50,767**	7,721	**-**	-
Amount recognised/(Reversal)	**(771)**	43,046	**-**	-
At 31 July	**49,996**	50,767	**-**	-
Impairment loss - Other receivables				
At 1 August	**13,821**	1,170	**4,269**	-
Amount recognised	**-**	12,651	**-**	4,269
At 31 July	**13,821**	13,821	**4,269**	4,269

As of 31 July 2015, trade receivables, including project receivable, and other receivable of the Group of $49,996,000 (2014: $59,032,000) and $13,821,000 (2014: $13,821,000), respectively, were impaired. The individually impaired receivables mainly relate to overdue customer balances which are not considered recoverable.

The impairment losses recognised and written back during the year are included as part of other expenses.

Except as disclosed above, management believes that no additional impairment allowance is necessary on the Group's receivables past due and not past due as at 31 July 2015 based on payment histories and the counterparties' credit standing.

Exposure to credit risk

As the Company and the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will have on the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

25 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (cont'd)

Foreign currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the United States dollar ("USD"), Australian dollar ("AUD"), Hong Kong dollar ("HKD") and Chinese Renminbi ("RMB").

Such risks are managed by matching sales with corresponding purchases, and assets and liabilities in the same currencies. The Group does not enter into currency options and does not use forward exchange contracts to protect against volatility associated with foreign currency sales and purchases.

The Group is also exposed to currency translation risk on its net investments in foreign operations. Such exposures are reviewed and monitored on a regular basis

The Group's exposure to foreign currencies is as follows:

Group						**Other**	
	USD	**AUD**	**RM**	**HKD**	**RMB**	**currencies**	**Total**
SGD equivalent	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 31 July 2015							
Financial assets:							
Trade and other receivables	**-**	**4**	**(7)**	**931**	**2,744**	**82**	**3,754**
Cash and cash equivalents	**-**	**51**	**11**	**5**	**22**	**-**	**89**
Financial liabilities:							
Trade and other payables	**(554)**	**-**	**(152)**	**-**	**(348)**	**-**	**(1,054)**
Net currency exposure	**(554)**	**55**	**(148)**	**936**	**2,418**	**82**	**2,789**

Group						**Other**	
	USD	**AUD**	**RM**	**HKD**	**RMB**	**currencies**	**Total**
SGD equivalent	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 31 July 2014							
Financial assets:							
Trade and other receivables	71	133	-	115	1,175	-	1,494
Cash and cash equivalents	-	-	-	-	39	1	40
Financial liabilities:							
Trade and other payables	-	-	-	-	(786)	-	(786)
Net currency exposure	71	133	-	115	428	1	748

As at 31 July 2014 and 2015, the Company does not have foreign currency exposures as all its financial assets and financial liabilities are denominated in Singapore dollars which is its functional currency.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

25 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis - Foreign currency risk

A 5% strengthening of the above currencies against the functional currencies of the respective Group entities at the reporting date would have increased/decreased equity and profit or loss before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects.

A 5% weakening of the above currencies against the functional currencies of the respective Group entities would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Group						**Other**	
	USD	**AUD**	**RM**	**HKD**	**RMB**	**currencies**	**Total**
SGD equivalent	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2015							
Increase in profit before tax	**(28)**	**3**	**(7)**	**47**	**121**	**3**	**(139)**
Increase in equity	**(28)**	**3**	**(7)**	**47**	**121**	**3**	**139**
2014							
Decrease in loss before tax	(4)	(7)	-	(6)	(21)	-	(38)
Increase in equity	4	7	-	6	21	-	38

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk in respect of variable rate bank loans, bank overdrafts and fixed deposits

Sensitivity analysis - Interest rate risk

A change of 50 basis points (bp) in interest rates on variable rate borrowings and fixed deposits at the reporting date would have increased/decreased equity and profit or loss before tax by the amounts shown below. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

25 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis - Interest rate risk (cont'd)

Group	Increase/(decrease) In profit before tax		Increase/(decrease) in equity	
	50 bp increase $'000	50 bp decrease $'000	50 bp increase $'000	50 bp decrease $'000
31 July 2015				
Variable rate fixed deposits	(2)	2	2	(2)
Borrowings	1	(1)	(1)	1
	(1)	1	1	(1f)

Group	Increase/(decrease) in loss before tax		Increase/(decrease) in equity	
	50 bp increase $'000	50 bp decrease $'000	50 bp increase $'000	50 bp decrease $'000
31 July 2014				
Variable rate fixed deposits	(3)	3	3	(3)
Borrowings	4	(4)	(4)	4
	1	(1)	(1)	1

Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group does not hold any quoted or marketable financial instruments, and is not exposed to any movement in market prices.

(d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of the overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirement. In addition, the Group strives to maintain a level of credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

25 FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows, including estimated interest payment.

		Contractual undiscounted cash flows			
	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
Group					
At 31 July 2015					
Trade and other payables	**9,261**	**9,261**	**9,261**	**-**	**-**
Borrowings	**1,099**	**1,099**	**1,099**	**-**	**-**
Finance lease liabilities	**1,159**	**1,219**	**884**	**314**	**21**
	11,519	**11,579**	**11,244**	**314**	**21**
At 31 July 2014					
Trade and other payables	14,587	16,430	16,430	-	-
Borrowings	3,643	3,724	3,724	-	-
Finance lease liabilities	1,293	1,348	462	854	32
	19,523	21,502	20,616	854	32
Company					
At 31 July 2015					
Trade and other payables	**3,650**	**3,650**	**3,650**	**-**	**-**
Finance lease liabilities	**145**	**171**	**38**	**133**	**-**
	3,795	**3,821**	**3,688**	**133**	**-**
At 31 July 2014					
Trade and other payables	4,329	4,329	4,329	-	-
Finance lease liabilities	311	356	71	266	19
	4,640	4,685	4,400	266	19

Except for the cash flow arising from the intragroup financial guarantee (Note 13), it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantees.

(e) Fair values of financial instruments

Available-for-sale financial asset

At 31 July 2013, the fair value of the unquoted equity securities approximated its carrying amount based a valuation. Refer to Note 7 for details of valuation of the unquoted equity securities as at 31 July 2014.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

25 FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair values of financial instruments (cont'd)

Finance lease liabilities

The fair values of finance lease liabilities are estimated by discounting expected future cash flows, discounted at market interest rates for similar types of lease agreements at the reporting date.

Financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, balances with related parties, cash and cash equivalents, trade and other payables, current borrowings) approximate their fair values because of the short period to maturity.

The aggregate net fair values of financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 July are presented in the following table:

	2015		2014	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Group				
Finance lease liabilities	**1,159**	**1,140**	1,293	1,213
	1,159	**1,140**	1,293	1,213
Company				
Finance lease liabilities	**145**	**139**	311	303
	145	**139**	311	303

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : inputs for the assets or liability that are not based on observable market date.

Available-for-sale financial assets are carried at cost as the investment does not have a quoted market price in an active market. As at 31 July 2013, the fair value of the unquoted equity securities approximately its carrying amount based on a valuation. The details of valuation of the unquoted equity securities is disclosed in Note 7 to the financial statements

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of current borrowings approximates their carrying amount.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

26 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The Group strives to maintain a prudent capital structure. The capital structure of the Group comprises equity and debts.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

Management monitors capital based on a debt-to-capital ratio which is net debt divided by total capital. Net debt is calculated as borrowings, finance lease liabilities less cash and cash equivalents. Capital comprises total equity.

There were no changes in the Group's approach to capital management during the year.

27 SIGNIFICANT RELATED PARTY TRANSACTIONS

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or *vice versa*, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group entities were carried out during the year on terms agreed between the parties:

	2015	2014
Company	**$'000**	$'000
From subsidiaries:		
Management fee income	-	5,411
Interest income on non-current receivables	-	1,405

28 DIVIDENDS

	2015	2014
Company	**$'000**	$'000
Paid during the financial year:		
First and final tax exempt (one-tier) dividend proposed of 0.03 cents per share in respect of financial year 2014 paid in 2015	-	734

29 SUBSEQUENT EVENTS

Claims

On 8 July 2014, a merchant bank (the "Merchant Bank") issued a writ of summons against the Company and Xpress Print Pte Ltd for a sum of $734,287.32 owning by Xpress Print Pte Ltd to the Merchant Bank. On 19 August 2014, the Company entered into a settlement agreement with the Merchant Bank in respect of the writ of summons. Pursuant to the terms of the settlement agreement, the Merchant Bank withdrew and discontinued its legal proceedings against the Group. This claim was fully settled on 3 August 2015.

STATISTICS OF SHAREHOLDINGS

AS AT 30 DECEMBER 2015

Distribution of Shareholdings

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	-	99	33	0.23	449	0.00
100	-	1,000	3,659	25.10	3,637,245	0.10
1,001	-	10,000	5,563	38.16	27,538,106	0.78
10,001	-	1,000,000	5,076	34.81	637,070,560	17.95
1,000,001		and above	248	1.70	2,879,680,763	81.17
		Total :	**14,579**	**100.00**	**3,547,927,123**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	MA WEIDONG	1,100,000,000	31.00
2.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	366,003,027	10.32
3.	MAYBANK KIM ENG SECURITIES PTE. LTD.	175,665,205	4.95
4.	NG SOH KIOW	47,315,000	1.33
5.	OCBC SECURITIES PRIVATE LIMITED	46,633,918	1.31
6.	UOB KAY HIAN PRIVATE LIMITED	35,578,600	1.00
7.	OW SONG CHUA	35,500,000	1.00
8.	GOH CHUNG HEE	33,707,000	0.95
9.	CHENG FU ZAY	32,566,000	0.92
10.	KOH CHEW LEONG	30,645,000	0.86
11.	CHUA GEOK LIN	28,841,100	0.81
12.	WONG SIEW CHING	26,030,000	0.73
13.	KONG PAU FOOK	24,000,000	0.68
14.	YEP GEE KUARN	24,000,000	0.68
15.	YIP CHAN YONG	21,137,000	0.60
16.	YEO LANG ENG	20,000,000	0.56
17.	DBS NOMINEES (PRIVATE) LIMITED	19,645,407	0.55
18.	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	18,427,200	0.52
19.	YAP HUI MENG @ SIN HUI MENG	17,293,900	0.49
20.	NG CHOONG KENG	16,706,500	0.47
	Total :	**2,119,694,857**	**59.73**

STATISTICS OF SHAREHOLDINGS

AS AT 30 DECEMBER 2015

Number of Shares	:	3,547,927,123
Class of Shares	:	Ordinary shares
Voting Rights	:	One Vote per share

As at 30 December 2015, the Company does not have any Treasury Share.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interests	
No.	**Name**	**No. of shares held**	**%**	**No. of shares held**	**%**
1.	Ma Weidong[1]	1,100,000,000	31.00	14,120,000	0.40
2.	Tseng An Hsiung Andy[2]	-	-	315,187,027	8.88

Notes:

1. Mr. Ma Weidong is deemed interested in 14,120,000 ordinary shares held by his spouse, Mrs Jin Li Yan by virtue of Section 7 of the Companies Act, Chapter 50.

2. Mr. Tseng An Tsiung Andy is deemed interested in:

   a) 152,913,714 ordinary shares held by Wellspring Investment Ltd by virtue of Section 7 of the Companies Act, Chapter 50;

   b) 1,792,000 ordinary shares held by his spouse, Mrs Tseng Shu Eng Eng by virtue of Section 7 of the Companies Act, Chapter 50; and

   c) 160,481,313 ordinary shares held by Dai Dai Development International Holdings Limited by virtue of Section 7 of the Companies Act, Chapter 50.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 30 December 2015, 58.58% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Xpress Holdings Ltd ("the Company") will be held at 25 Tai Seng Avenue, #01-01 Scorpio East Building, Singapore 534104, on Friday, 22 January 2016 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 July 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Article 76 and Article 94(2) of the Articles of Association of the Company:

Mr. Ma Weidong	(Retiring under Article 76)	**(Resolution 2)**
Ms. Chu Hongtao	(Retiring under Article 76)	**(Resolution 3)**
Mr. Lim Huan Chiang	(Retiring under Article 76)	**(Resolution 4)**
Mr. Darlington Tseng Te-Lin	(Retiring under Article 94(2))	**(Resolution 5)**

[See Explanatory Note (i)]

3. To approve the payment of Directors' fees of S$137,962 for the financial year ended 31 July 2015 (2014: S$199,000). **(Resolution 6)**

4. To re-appoint Messrs Nexia TS Public Accounting Corporation as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to allot and issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited.**

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

    (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

    (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

    (c) any subsequent consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)] **(Resolution 8)**

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 7 January 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr. Ma Weidong will, upon re-election as a Director of the Company, remain as the member of the Remuneration Committee and Nominating Committee.

Ms. Chu Hongtao will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee, Remuneration Committee and Nominating Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

Mr. Darlington Tseng Te-Lin will, upon re-election as a Director of the Company, remain as the member of the Audit Committee and will be considered non-independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) The Ordinary Resolution 8 in item 6 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding in total fifty per cent (50%) of the total number of issued shares in the capital of the Company, of which up to twenty per cent (20%) may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. Where a member (other than a Relevant Intermediary*) appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

3. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

4. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or the hand of its duly authorised officer or attorney in writing.

5. The instrument appointing a proxy must be deposited at the registered office of the Company at 61 Tai Seng Avenue, Crescendas print Media Hub, #03-03, Singapore 534167 not less than forty-eight (48) hours before the meeting.

NOTICE OF ANNUAL GENERAL MEETING

* A Relevant Intermediary is:

a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or

c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. Investors who have used their CPF monies ("CPF Investors") to buy shares in Xpress Holdings Ltd, may attend and vote in person at the Annual General Meeting.
2. CPF Investors who are unable to attend the meeting but would like to cast their votes, may inform their CPF Approved Nominees to appoint the Chairman of the Meeting as their proxy.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (Name) ______________________ (NRIC / Passport)

of ____ (Address)

being a member/members of **XPRESS HOLDINGS LTD** (the "**Company**"), hereby appoint:

Name	**NRIC/Passport Number**	**Proportion of Shareholdings to be presented by Proxy**	
		No. of Shares	**%**
Address			

*and/or (delete as appropriate)

Name	**NRIC/Passport Number**	**Proportion of Shareholdings to be presented by Proxy**	
		No. of Shares	**%**
Address			

as *my/our proxy/proxies to vote for *me/us on *my/our behalf, at the Annual General Meeting of the Company to be held at 25 Tai Seng Avenue, #01-01 Scorpio East Building, Singapore 534104 on Friday, 22 January 2016 at 10.00 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain from voting as *he/they may think fit, as he/they will on any other matter arising at the AGM.

(If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	**Resolutions relating to:**	**For**	**Against**
	Ordinary Business		
1	Audited Financial Statements for the financial year ended 31 July 2015		
2	Approval of Directors' fees amounting to S$137,962 for the financial year ended 31 July 2015		
3	Re-election of Mr. Ma Weidong as a Director		
4	Re-election of Ms. Chu Hongtao as a Director		
5	Re-election of Mr. Lim Huan Chiang as a Director		
6	Re-election of Mr. Darlington Tseng Te-Lin as a Director		
7	Re-appointment of Nexia TS Public Accounting Corporation as Auditors and to authorise the Directors of the Company to fix their remuneration		
	Special Business		
8	Authority to allot and issue shares		

Dated this ____________ day of ________________ 2016

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Singapore Companies Act, Chapter 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified)

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 61 Tai Seng Avenue, Crescendas Print Media Hub #03-03, Singapore 534167 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. Investors who have used their CPF monies ("CPF Investors") to buy shares in the Company may attend and cast their vote at the meeting in person. CPF Investors who are unable to attend the meeting but would like to vote, may inform CPF Approved Nominees to appoint Chairman of the Meeting to act as their proxy, in which case, the CPF Investor shall be precluded from attending the meeting.

* A Relevant Intermediary is:

a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or

c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 January 2016.

Xpress®

Xpress Holdings Ltd

61 Tai Seng Avenue,
Crescendas Print Media Hub #03-03
Singapore 534167
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