XPRESS Group 特速集團

XPRESS GROUP LIMITED

(formerly known as China Credit Holdings Limited)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 March 2007

RESULTS

The Board of Directors (the "Board") of Xpress Group Limited (the "Company") announced the consolidated results of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2007 together with the comparative figures of the previous year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
Continuing operations			
Revenue	3	**689,184**	445,005
Cost of sales		**(631,820)**	(405,290)
Gross profit		**57,364**	39,715
Fair value gain on financial assets at fair value through profit or loss		**55,476**	100,745
Other operating income		**21,205**	2,234
Bad debt recovered		**943**	20,206
Administrative expenses		**(142,692)**	(111,613)
Other operating expenses		**(11,390)**	(10,531)
Impairment losses on available-for-sale financial assets		**–**	(186)
Fair value gain on investment properties		**78,351**	4,956
Profit from operations		**59,257**	45,526
Finance costs		**(17,453)**	(13,734)
Share of results of associates		**(1,249)**	(13,159)
Profit before income tax	4	**40,555**	18,633
Income tax expense	5	**(24,474)**	(229)
Profit for the year from continuing operations		**16,081**	18,404

	Notes	**2007**	2006
		HK$'000	*HK$'000*
Discontinued operation			
Profit for the year from a discontinued operation		**–**	84,140
Profit for the year		**16,081**	102,544
Attributable to:			
Equity holders of the Company		**40,112**	53,138
Minority interests		**(24,031)**	49,406
Profit for the year		**16,081**	102,544
Earnings per share for profit attributable to the equity holders of the Company during the year	*6*		
– Basic			
From continuing and discontinued operations		**HK2.35 cents**	HK3.27 cents
From continuing operations		**HK2.35 cents**	HK1.46 cents
– Diluted			
From continuing and discontinued operations		**HK2.24 cents**	HK3.15 cents
From continuing operations		**HK2.24 cents**	HK1.40 cents

CONSOLIDATED BALANCE SHEET
As at 31 March 2007

	Notes	**2007**	2006
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**22,397**	20,137
Leasehold land		**20,221**	20,751
Investment properties		**275,705**	55,769
Interests in associates		**16,010**	17,469
Long term deposit		**7,665**	6,677
Available-for-sale financial assets		**45,815**	14,239
Goodwill		**18,955**	7,037
Loans receivable		**450**	137
Pledged bank deposits		**4,385**	4,219
		411,603	146,435
Current assets			
Inventories		**486**	563
Trade and other receivables, deposits paid and prepayment	7	**131,525**	81,104
Financial assets at fair value through profit or loss		**178,812**	39,503
Loans receivable		**3,008**	2,441
Amount due from associates		**6,577**	3,223
Pledged bank deposits		**–**	4,771
Cash and cash equivalents		**191,573**	372,816
		511,981	504,421

	Notes	**2007** *HK$'000*	2006 *HK$'000*
Current liabilities			
Trade and other payables	*8*	**100,289**	34,573
Borrowings		**43,333**	28,389
Finance lease payables		**605**	610
Provision for tax		**3,526**	11,073
		147,753	74,645
Net current assets		**364,228**	429,776
Total assets less current liabilities		**775,831**	576,211
Non-current liabilities			
Borrowings		**134,623**	34,672
Finance lease payables		**972**	303
Convertible debentures		**50,234**	48,577
Amount due to associates		**236**	–
Deferred taxation		**22,159**	2,810
		208,224	86,362
Net assets		**567,607**	489,849
EQUITY			
Equity attributable to Company's equity holders			
Share capital		**17,548**	16,265
Reserves		**511,035**	412,852
		528,583	429,117
Minority interests		**39,024**	60,732
Total equity		**567,607**	489,849

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

2. ADOPTION OF NEW OR REVISED HKFRSs

From 1 April 2006, the Group has adopted all the new and amended HKFRSs which are first effective on 1 January 2006 and relevant to the Group. The adoption of these HKFRSs has resulted in changes in the Group's accounting policy on financial guarantee contracts. Other than this, the adoption of these new and amended HKFRSs did not result in significant changes in the Company's and the Group's accounting policies but gave rise to additional disclosures.

2.1 Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Financial Guarantee Contracts

The amendments to HKAS 39 require an entity to account for certain financial guarantee contracts in accordance with that standard. To comply with the requirements of the amended HKAS 39, the Group has adopted a new accounting policy to recognise financial guarantee contracts. On initial recognition, these contracts are measured at fair value and they are subsequently stated at the higher of:

– the amount initially recognised less where appropriate, cumulative amortisation recognised in accordance with the Group's revenue recognition policies; and

– the amount of the obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" ("HKAS 37").

Prior to this new accounting policy, the Group disclosed the financial guarantees issued as contingent liabilities in accordance with HKFRS 4 "Insurance Contracts" and HKAS 37. Provisions for the Group's liabilities under the financial guarantee contracts were made when it was more likely than not that the guaranteed party would default and the Group would incur outflow of resources embodying economic benefits.

This new accounting policy has been applied retrospectively to the extent that the financial guarantee contracts were in existence at 1 April 2005 (ie the date when HKAS 39 was initially adopted by the Group). The adoption of this new accounting policy has no material impact on the financial statements reported in the current and prior accounting periods, thus, no adjustment to prior periods has been made.

2.2 New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company is currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

Amendment to HKAS 1	"Presentation of Financial Statements" – Capital Disclosures [1]
HKAS 23 (Revised)	"Borrowing Costs" [2]
HKFRS 7	"Financial Instruments: Disclosures" [1]
HKFRS 8	"Operating Segments" [2]
HK(IFRIC) Interpretation 8	"Scope of HKFRS 2" [3]
HK(IFRIC) Interpretation 9	"Reassessment of Embedded Derivatives" [4]
HK(IFRIC) Interpretation 10	"Interim Financial Reporting and Impairment" [5]
HK(IFRIC) Interpretation 11	"Group and Treasury Share Transactions" [6]
HK(IFRIC) Interpretation 12	"Service Concession Arrangements" [7]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 May 2006
[4] Effective for annual periods beginning on or after 1 June 2006
[5] Effective for annual periods beginning on or after 1 November 2006
[6] Effective for annual periods beginning on or after 1 March 2007
[7] Effective for annual periods beginning on or after 1 January 2008

3. REVENUE AND SEGMENTAL INFORMATION

Revenue, which is also the Group's turnover, represents total invoiced value of goods supplied and income from provision of services.

Primary reporting format – business segments

The Group is organised on a worldwide basis into five main business segments: travel related operations, credit card operations, securities trading and investments, treasury investment and property investment.

Travel related operation	–	provide travel related services in Hong Kong and outside Hong Kong.
Credit card operations	–	provide credit card services to individuals and acquiring services for members.
Securities trading and investments	–	trading of securities
Treasury investment	–	asset management and cash operations
Property investment	–	letting properties

Inter-segment sales are charged at prevailing market prices.

	2007						
	Continuing operations						
	Travel related operations	Credit card operations	Securities trading and investments	Treasury investment	Property investment	Eliminations	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue							
– External sales	664,344	7,629	1,241	10,465	5,505	–	689,184
– Inter-segment sales	162	152	–	28,348	1,413	(30,075)	–
	664,506	7,781	1,241	38,813	6,918	(30,075)	689,184
Segment results	(10,529)	(12,829)	46,550	10,466	82,946	–	116,604
Unallocated revenue							21,205
Unallocated expenses							(78,552)
Finance costs							(17,453)
Share of results of associates							(1,249)
Profit before income tax							40,555
Income tax expense							(24,474)
Profit for the year							16,081
Segment assets	43,078	16,128	224,627	4,453	306,509		594,795
Associates							16,010
Unallocated assets							312,779
Total assets							923,584

	2007						
	Continuing operations						
	Travel related operations HK$'000	Credit card operations HK$'000	Securities trading and investments HK$'000	Treasury investment HK$'000	Property investment HK$'000	Eliminations HK$'000	Group HK$'000
Segment liabilities	**34,692**	**3,202**	**–**	**645**	**15,316**		**53,855**
Unallocated liabilities							**302,122**
Total liabilities							**355,977**
Capital expenditure	**1,200**	**518**	**–**	**45**	**113**	**612**	**2,488**
Depreciation	**690**	**868**	**38**	**363**	**874**	**757**	**3,590**
Amortisation of leasehold land	**–**	**–**	**–**	**–**	**530**	**–**	**530**
Impairment losses on trade and other receivable	**–**	**26**	**–**	**–**	**–**	**–**	**26**
Fair value gain on investment properties	**–**	**–**	**–**	**–**	**78,351**	**–**	**78,351**

Primary reporting format – business segments

	2006								
	Continuing operations							Discontinued operation	
	Travel related operations HK$'000	Credit card operations HK$'000	Securities trading and investments HK$'000	Treasury investments HK$'000	Property investment HK$'000	Eliminations HK$'000	Total HK$'000	Health care HK$'000	Group HK$'000
Revenue									
– External sales	424,622	7,719	6,897	3,856	1,911	–	445,005	84,322	529,327
– Inter-segment sales	–	141	–	24,916	1,735	(26,792)	–	–	–
	424,622	7,860	6,897	28,772	3,646	(26,792)	445,005	84,322	529,327
Segment results	(7,394)	27,299	98,333	3,852	1,378	–	123,468	(366)	123,102
Unallocated revenue							2,234	–	2,234
Unallocated expenses							(80,176)	–	(80,176)
Finance costs							(13,734)	–	(13,734)
Gain on deemed disposal of a subsidiary							–	553	553
Gain on disposal of subsidiaries							–	94,332	94,332
Share of results of associates							(13,159)	–	(13,159)
Profit before income tax							18,633	94,519	113,152
Income tax expense							(229)	(10,379)	(10,608)
Profit for the year							18,404	84,140	102,544

	2006								
	Continuing operations							Discontinued operation	
	Travel related operations	Credit card operations	Securities Trading and investments	Treasury investments	Property Investment	Eliminations	Total	Health care	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	40,976	16,473	412,532	5,532	87,902	–	563,415	–	563,415
Associates							17,469	–	17,469
Unallocated assets							69,972	–	69,972
Total assets							650,856	–	650,856
Segment liabilities	50,193	3,764	232	645	47,064	–	101,898	–	101,898
Unallocated liabilities							59,109	–	59,109
Total liabilities							161,007	–	161,007
Capital expenditure	726	572	720	87	299	614	3,018	1,386	4,404
Depreciation	461	724	283	417	104	172	2,161	1,207	3,368
Amortisation of intangible assets	–	–	–	–	–	–	–	101	101
Amortisation of leasehold land	–	–	–	–	530	–	530	–	530
Impairment losses on trade and other receivable	–	1,995	–	1,401	–	4,725	8,121	233	8,354
Impairment losses on available-for-sales financial assets	–	–	186	–	–	–	186	–	186
Fair value gain on investment properties	–	–	–	–	4,956	–	4,956	–	4,956

Secondary reporting format – geographical segments

The Group's operations are located in three (2006: three) main geographical areas. The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods and services.

	Continuing operations		**Discontinued operation**		**Total**	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**17,258**	17,116	–	–	**17,258**	17,116
North America	**2,939**	1,812	–	84,322	**2,939**	86,134
South East Asia	**668,987**	426,077	–	–	**668,987**	426,077
	689,184	445,005	–	84,322	**689,184**	529,327

The following is an analysis of the carrying amount of segment assets, and additions to property and equipment, analysed by the geographical area in which the assets are located.

	Segment assets		**Capital expenditure**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**460,194**	369,540	**1,647**	1,079
North America	**179,782**	175,809	**6**	1,761
South East Asia	**267,598**	88,038	**835**	1,564
	907,574	633,387	**2,488**	4,404
Associates	**16,010**	17,469	**–**	–
	923,584	650,856	**2,488**	4,404

4. PROFIT BEFORE INCOME TAX

	Continuing operations		**Discontinued operation**		**Total**	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit before income tax is arrived at after charging/(crediting):						
Operating lease charges on land and buildings	**5,620**	3,814	**–**	7,913	**5,254**	11,727
Depreciation	**3,590**	2,161	**–**	1,207	**3,590**	3,368
Amortisation of						
– intangible assets (included in administrative expenses)	**–**	101	**–**	101	**–**	101
– leasehold land (included in administrative expenses)	**530**	530	**–**	–	**530**	530
Impairment losses on trade and other receivables	**26**	8,121	**–**	233	**230**	8,354
Staff costs including directors' emoluments	**82,870**	69,389	**–**	5,125	**82,870**	74,514
Gross rental income from investment properties less outgoings of HK$1,255,000 (2006 : HK$586,000)	**(4,250)**	(1,325)	**–**	–	**(4,250)**	(1,325)

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$40,112,000 (2006: HK$53,180,000) and on the weighted average number of ordinary shares in issue during the year.

The calculation of basic and diluted earnings per share is based on the following data:

Earnings

	2007	2006
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company, used in the basic and diluted earnings per share calculation:		
From continuing operations	**40,112**	23,689
From a discontinued operation	**–**	29,449
	40,112	53,138

Number of shares

	2007	2006
Weighted average number of ordinary shares for the purposes of the basic earnings per share	**1,705,756**	1,626,404
Effect of dilutive potential ordinary shares:		
Share options	**17,913**	–
Warrants	**69,781**	61,477
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,793,450**	1,687,881

7. TRADE AND OTHER RECEIVABLES, DEPOSITS PAID AND PREPAYMENT

Included in trade and other receivables, deposits paid and prepayment are trade receivable of HK$79,498,000 (2006: HK$55,369,000), the ageing analysis is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 60 days	**70,462**	49,606
61 – 90 days	**3,306**	1,165
Over 90 days	**5,730**	4,598
	79,498	55,369

8. **TRADE AND OTHER PAYABLES**

Included in trade and other payables are trade payable of HK$60,655,000 (2006: HK$20,337,000), the aged analysis is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 60 days	**59,535**	19,420
61 – 90 days	**310**	85
Over 90 days	**810**	832
	60,655	20,337

DIVIDEND

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2007 (2006: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 21 August 2007 to 24 August 2007 (both date inclusive) during which period no transfer of shares will be registered. For administrative purposes, all transfers and relevant share certificates must be lodged with the Company's Share Registrars, Friendly Registrars Limited, at 26/Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 20 August 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a turnover generated from continuing operation of approximately HK$689 million for the year ended 31 March 2007, representing an increase of approximately 54.9% as compared to the year ended 31 March 2006. The increase in turnover was mainly due to the acquisition of Nihon Kotsu Travel Service Co. Ltd. ("Nikko") and Sapporo Holdings Co. Ltd ("Sapporo") in June 2006 and July 2006 respectively which contributed HK$157 million to the Group's turnover. The profit attributable to shareholders for the year ended 31 March 2007 was approximately HK$40.1 million as compared to the HK$53.1 million in 2006.

The earnings per share for the year was HK2.35 cents when compared with HK3.27 cents in last year.

Liquidity and capital resources

During the period under review, the Company raised approximately HK$19.2 million from the exercise of warrants resulting in the issue of approximately 122.3 million shares. Bank balance and cash amounted to approximately HK$191.6 million (3.31.2006: HK$372.8 million).

As at 31 March 2007, the Group's current ratio was 3.47 (3.31.2006: 6.8) and had a gearing ratio of 4.1%, defined as the ratio of total borrowings less cash balances to total assets when compare with the net cash of approximately HK$260.3 million in 2006.

Material Acquisitions and disposal for material investments

(a) Acquisition of properties

During the year, the Group entered into a sale and purchase agreement to purchase a residential property located in Singapore at a consideration of approximately S$3.75 million.

(b) Disposal of investment in Skywest

During the year, the Group sold its entire stake in Skywest Limited ("Skywest"). It made an offer to Advent Air Limited ("Advent"), a UK listed company which indirectly holds approximately 60.34% of Skywest's total issued shares, to sell its shares in Skywest. Advent then announced that it intended, through its wholly owned subsidiary, to make an off-market offer for all the fully paid ordinary shares in Skywest. The Group accepted the offer and disposal was completed in August 2006.

(c) Acquisition of a travel service company

During the year, the Group entered into a sale and purchase agreement for the acquisition of the entire equity interest in Nihon Kotsu Travel Services Co., Ltd., a travel service company operating in Japan, at a consideration of Japanese Yen 135 million.

(d) Acquisition of a hotel holding company

During the year, the Group entered into a sale and purchase agreement for the acquisition of the shareholder's loan and the entire equity interest in Sapporo Holdings Y.K., a hotel holding company operating in Japan. The details of which can be referred to the circular of the Company dated August 24, 2006.

(e) Disposal of a property

During the year, the Group entered into an agreement for the disposal of a property located in Singapore at a consideration of approximately S$3 million.

(f) *Acquisition of properties*

During the year, the Group entered into agreements to purchase 19 units and 1 retail shop of investment properties located in Singapore at an aggregate consideration of approximately S$13.5 million.

(g) *Disposal of interior fit-out business of SingXpress Ltd (formerly known as Futuristic Group Ltd) ("SingXpress")*

The interior fit-out business was operated through SingXpress, the Group's Singapore listed associate, of which as at 31 March 2007, the Group held a 45.68% interest in.

During the year, SingXpress entered into a conditional agreement to sell its entire direct and indirect shareholding in the companies which conduct all its store fixtures and interior fit-out business, all the assets, rights and liabilities owed by Futuristic used in the conduct of the future store business for a consideration of US$1.25 million. The transactions were completed in November 2006. SingXpress has developed its new travel businesses and is intend to leverage on its travel business and on the consumer finance expertise of its major shareholder, Xpress Group Limited to develop consumer finance and spending products such as credit cards and loyalty cards.

Capital Expenditure and Commitments

At the balance sheet date, the Group had authorized and contracted capital commitments of approximately HK$62.4 million, which was related to capital expenditure for the acquisition of investment properties and approximately HK$35 million which was related to the right issue of SingXpress Ltd., an associate of the Group, in which the Group has undertaken to take up the Group's entitlements and to subscribe for all right shares not subscribed for by the other shareholders of SingXpress Ltd.

Foreign Exchange Exposure

Substantially all the revenues, expenses, assets and liabilities are denominated in Hong Kong dollars, U.S. dollars, Japan yen and Singapore dollars. Due to the currency peg of the Hong Kong dollars to the U.S. dollars, the exchange rate between these two currencies has remained stable and thus no hedging or other alternatives have been implemented by the Group. The Group expected that there is no significant exposure on foreign currency, but it cannot be assured operating results in future will not be materially affected.

Credit Risk Management

The Group's credit policy defines the credit extension criteria, the credit approval and monitoring processes, and the loan provisioning policy. The Group maintains tight control on loan assessments and approvals and will continue to exercise a conservative and prudent policy in granting loans in order to maintain a quality loan portfolio and manage the credit risk exposure of the Group.

Human Resources

Remuneration packages are generally structured by reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Apart from salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus. At the balance sheet date, there were approximately 250 employees employed by the Group. Share options may also be granted to eligible employees and persons of the Group.

Pledge of Assets

At the balance sheet date, the Group had pledged bank balances of HK$4.4 million as a security for banking facilities granted to a subsidiary and as securities for the credit card business transactions with MasterCard Worldwide. The Group's borrowings of HK$179 million were mainly secured by the investment properties and land and buildings of the Group with an aggregate carrying value of HK$272 million, bank balance with carrying value of HK$4 million.

Contingent Liabilities

At the balance sheet date, contingent liabilities of the Group were as follows:

(a) Guarantees of HK$11.4 million (3.31.2006: HK$10.7 million) given to financial institutions in respect of banking facilities granted to the Group's suppliers.

(b) At the balance sheet date, the Company has given guarantees to financial institutions in respect of banking facilities granted to subsidiaries of HK$93 million.

(c) Actions were brought by Pricerite Stores Limited and CASH Retail Management Group Limited (formerly known as Pricerite Group Limited) (together referred to as "Pricerite") respectively, against a subsidiary of the Company, in respect of the alleged breach of agreement for damages which are not quantified. In the opinion of the directors, it is not practicable at this stage to determine with certainty the outcome of the litigation. The litigation has been standstill for more than 6 years.

OUTLOOK

We will continue our business strategy of focusing on the travel, leisure and hospitality businesses as well as our consumer finance and the credit card business. The Board and management will continue to focus on the strategic development of the Group through strategic partners and alliances, the development of our own brand names to achieve international recognition and achieving economies of scale for our existing businesses.

The market outlook is expected to be strong in the year ahead. Despite a competitive environment, the growth in consumer spending and borrowing, lower unemployment rates and changes in lifestyle will create an opportunity of growth for our leisure and hospitality businesses and a demand for consumer loans.

The Group will continue in its direction to diversify its business risk through the expansion and development of its existing businesses in corporate finance, consumer finance, credit cards, and travel related activity outside of Hong Kong with a strong focus on Singapore, the PRC and Japan. The Group seeks to create synergies in the activities and businesses it currently has and will undertake in future. The Group's cash position remains healthy which, together with the continued growth of our core businesses and prudent investment strategies, makes us highly competitive. We strive to take advantage of new opportunities and develop new strengths and strategies to thrive in a different world.

Japan Xpress Ltd, in addition to Nikko and Makino Air Travel Service Ltd's existing businesses, intends to open travel stores nationwide in Tokyo, Osaka and other cities in the next 12 to 24 months. Nikko also plans to be the leading operator in outbound tour groups to Hong Kong, the PRC and Singapore in addition to its Korean destinations.

In line with our hotel and hospitality business development, the Xpress Hotels and Resorts division intends to aggressively acquire hotel properties in Japan and develop links between their businesses and our consumer finance and consumer loyalty programs.

We have entered into a letter of confirmation with a security house in Japan to study the feasibility of applying for a secondary listing of and a quotation for its shares on the Tokyo Stock Exchange and looking forward to increase the name awareness of the Group and the shareholder value.

Xpress Finance Ltd will continue to design tailor made card acquisition programs, spending and retention programs to increase card base and card usage. The unique features of i Xpress card customization have been widely accepted by the customers, we will continue capture new market segments and its distribution network by issuing affinity/co-branded credit card using this customization platform. To satisfy different demands in the consumer finance market, we also plan to extend its credit services to personal loans to attract quality customers by launching purpose loans program, such as travel loans. The Group will also pursue a regional expansion of its credit card and other consumer lending services.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry of all the Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the accounting period covered by the annual results.

AUDIT COMMITTEE

The Company has an audit committee comprising three independent non-executive Directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review the Group's annual result for the year ended March 31, 2007.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2007 have been agreed by the Group's auditors, Grant Thornton, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton on the preliminary announcement.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

In the opinion of the directors, the Company has complied throughout the year ended 31 March 2007 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

PUBLICATION OF RESULTS ANNOUNCEMENT

The information as required by Appendix 16 of the Listing Rules will be published on the Stock Exchange's website (www.hkex.com.hk) and www.xpressgroup.com in due course.

On behalf of the Board
CHAN TONG WAN
Managing Director

Hong Kong, 26 July 2007

As at the date of this announcement, the Board comprises of the executive directors Mr. Chan Heng Fai, Mr. Chan Tong Wan, Ms. Chan Yoke Keow, Ms. Chan Sook Jin, Mary-ann, Mr. Chan Tung Moe and non-executive director Mr. Fong Kwok Jen as well as independent non-executive directors Mr. Wong Dor Luk, Peter, Mr. Joao Paulo Da Roza .and Ms. Chian Yat Ping.