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**VXL CAPITAL LIMITED**  
卓越金融有限公司

*(incorporated in Hong Kong with limited liability)*  
*(Stock Code: 727)*

**DISCLOSEABLE TRANSACTION**

**DISPOSAL OF HOTEL PROPERTIES**

On 27 January 2011, after the trading hours, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Hotel Properties for the Consideration of RMB21.50 million (equivalent to approximately HK\$25.47 million).

As one of the relevant applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, and is subject to the notification and announcement requirements under the Listing Rules.

**INTRODUCTION**

The Board is pleased to announce that on 27 January 2011, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Hotel Properties for the total Consideration of RMB21.50 million (equivalent to approximately HK\$25.47 million).

**THE AGREEMENT**

**Date:** 27 January 2011, after the trading hours

**Parties:**

- (i) The Vendor and
- (ii) The Purchaser

**Assets to be disposed:**

Subject to the terms and conditions of the Agreement, the Vendor shall sell and the Purchaser shall acquire the Hotel Properties.

**Consideration:**

The Consideration of RMB21.50 million (equivalent to approximately HK\$25.47 million) for the Disposal is payable by the Purchaser in the following manners:

- (i) RMB4.30 million (representing 20% of the Consideration and equivalent to approximately HK\$5.09 million) payable in cash as the deposit payment upon signing of the Agreement;
- (ii) RMB7.00 million (representing approximately 32.56% of the Consideration and equivalent to approximately HK\$8.29 million), payable in cash upon completion of the necessary payments of transaction levies and taxes on transfer of title for Yilong Hotel within 30 business days upon the signing of the Agreement;
- (iii) RMB4.70 million (representing approximately 21.86% of the Consideration and equivalent to approximately HK\$5.57 million), payable in cash upon completion of the necessary registration procedures in relation to the transfer of the land and property titles of Yilong Hotel within 60 business days upon the signing of the Agreement;
- (iv) RMB5.50 million (representing approximately 25.58% of the Consideration and equivalent to approximately HK\$6.52 million), payable in cash upon completion of the necessary payments of transaction levies and taxes on transfer of title for Langzhong Hotel within 90 business days upon the signing of the Agreement; and
- (v) upon completion of the necessary registration procedures in relation to the transfer of the land and property titles of the Langzhong Hotel, the balancing payment of RMB4.30 million (representing 20% of the Consideration and equivalent to approximately HK\$5.09 million) will be settled by way of transfer of the deposit held by the Vendor in (i) above.

The Consideration was arrived at after arm's length negotiation between the parties to the Agreement with reference to the prevailing PRC property market condition of the relevant districts of Sichuan Province. The unaudited book value of the Hotel Properties is approximately RMB16.45 million (equivalent to approximately HK\$19.49 million) as at 30 September 2010.

**Completion:**

Completion of the Disposal shall be taken place within 3 working days upon handover of the Hotel Properties after full payment of the Consideration by the Purchaser and the issuance of land title certificates and property title certificates to the Purchaser.

**REASONS FOR THE DISPOSAL**

As disclosed in the 2009/2010 Interim Report and 2009/2010 Annual Report of the Company, during the internal review process, the Group has decided to forego several budget hotels in the original portfolio that no longer suit the overall development strategies, and thus further disposals are made.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement (including the Consideration of the Disposal) are on normal commercial terms and are fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

## **POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL**

Based on the unaudited book value of the Hotel Properties of approximately HK\$19.49 million as at 30 September 2010, it is expected that the Company will realize a gain from the Disposal of approximately HK\$4.13 million being the difference between the Consideration and the book value of the Hotel Properties as at 30 September 2010 and after taking into account of the agency fees and other professional fees, if any, and taxes, etc.

The unaudited net loss (both before and after taxation) attributable to the Hotel Properties for the financial years ended 31 March 2009 and 31 March 2010 are approximately RMB0.85 million (equivalent to approximately HK\$1.01 million) and RMB0.64 million (equivalent to approximately HK\$0.76 million), respectively.

## **USE OF PROCEEDS**

The Group intends to apply the proceeds from the Disposal towards the Group's working capital.

## **INFORMATION ON THE COMPANY, THE VENDOR AND THE PURCHASER**

The Company is an investment holding company listed on the Stock Exchange, and the Group is engaged in hotel investment and management, property investment, securities trading and investment.

The Vendor is a property holding company.

Insofar as the Company is aware, the principal business of the Purchaser is property development, and construction works and decoration engineering works. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **LISTING RULES IMPLICATION**

As one of the relevant applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, and is subject to the notification and announcement requirements under the Listing Rules.

## **DEFINITIONS**

“Agreement”	the agreement dated 27 January 2011 entered into between the Vendor and the Purchaser in relation to the disposal of the Hotel Properties
“Board”	the board of Directors
“Company”	VXL Capital Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange

“Consideration”	RMB21.50 million (equivalent to approximately HK\$25.47 million), payable in cash, for the Hotel Properties under the Agreement, being the aggregation of RMB11.70 million (equivalent to approximately HK\$13.86 million) for Yilong Hotel and RMB9.80 million (equivalent to approximately HK\$11.61 million) for Langzhong Hotel
“Directors”	directors of the Company
“Disposal”	the disposal of the Hotel Properties by the Vendor pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hotel Properties”	Yilong Hotel and Langzhong Hotel
“Langzhong Hotel”	the hotel property known as 四川閬中市郵政賓館 (Sichuan Langzhong Post Hotel*) located at West Section of Shangcheng Lu, Langzhong City, Sichuan Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan
“Purchaser”	成都兆鴻置業有限公司 (Chengdu Zhaohong Zhi Ye Company Limited*), a limited company established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	U Inns & Hotel (Si Chuan) Limited* (你的客棧酒店(四川)有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC
“Yilong Hotel”	the hotel property known as 四川儀隴縣郵政局辦公大樓 (Sichuan Yilong Oasis Hotel*) located at Xisi Jie, Jincheng Zhen, Yilong County, Sichuan Province, the PRC
“%”	per cent.

*For illustration in this announcement, figures denominated in RMB are translated into HK\$ at the approximate exchange rate of RMB1 to HK\$1.1847.*

*Certain English translations of Chinese names or words marked with \* in this announcement are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.*

By order of the Board  
**VXL Capital Limited**  
**Datuk LIM Chee Wah**  
*Chairman*

Hong Kong, 27 January 2011

As at the date of this announcement, the Board comprises:

*Executive Directors:*

Datuk LIM Chee Wah  
Mr. XIAO Huan Wei

*Independent non-executive Directors:*

Mr. Alan Howard SMITH, J.P.  
Dr. Allen LEE Peng Fei, J.P.  
Mr. David YU Hon To