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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)

**CONNECTED TRANSACTION  
IN RESPECT OF  
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF  
HART INDUSTRIES (FAR EAST) LIMITED**

**THE SALE AND PURCHASE AGREEMENT**

The Board of Directors announced that after the trading hours of 13 April 2011, the Company entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Company agreed to sell and the Purchaser agreed to purchase the entire issued share capital together with the Sale Loan of Hart Industries at a consideration of HK\$1,500,000. Upon completion of the Disposal, Hart Industries will cease to be a subsidiary of the Company. Hart Industries holds a corporate membership for one nominee of Shenzhen Xili Golf Club.

**LISTING RULES IMPLICATIONS**

The Purchaser, being the controlling Shareholder of the Company and being wholly and beneficially owned by Datuk LIM Chee Wah, the Chairman of the Company and an executive Director and the Group Chief Executive Officer, is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under the Listing Rules. As the applicable percentage ratios for the Disposal exceed 0.1% but are less than 5%, the transaction contemplated under the Disposal constitutes a connected transaction exempt from independent Shareholders' approval requirements and is subject to the reporting and announcement requirements under the Listing Rules.

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**Date:** 13 April 2011

**Parties:** (i) The Company (as the vendor); and  
(ii) The Purchaser.

The Purchaser, being a controlling Shareholder of the Company, is a connected person (as defined in the Listing Rules) of the Company for the transaction contemplated under the Disposal. The Purchaser has not been involved in any previous similar transactions in the last 12 months with the Company which would otherwise require aggregation pursuant to Rule 14.22 of the Listing Rules.

**Subject matter:** The entire issued share capital of Hart Industries, being HK\$2 in total, together with the Sale Loan of approximately HK\$1,099,998 as at the date of the Sale and Purchase Agreement.

**Consideration:** The consideration for the Disposal is HK\$1,500,000, which shall be payable in one lump sum on the date of completion by setting-off the consideration against the existing loans due and owed by the Company to the Purchaser.

The consideration was arrived at after arm's length negotiations between the Company and the Purchaser with reference to net assets value of Hart Industries, the prevailing market value of the corporate membership for one nominee of Shenzhen Xili Golf Club and the Sale Loan. The Directors (including all the independent non-executive Directors) are of the view that the said consideration is fair and reasonable.

**Completion:** Completion shall take place on 18 April 2011 or such other date as Company and the Purchaser may agree in writing. Upon completion, the Company, the Purchaser and Hart Industries will execute a deed of assignment, by which the Company will assign and novate its rights and obligations in the Sale Loan to the Purchaser at a consideration equivalent to the amount of the Sale Loan.

## **INFORMATION OF HART INDUSTRIES**

Hart Industries is a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability with its principal asset being a corporate membership for one nominee of Shenzhen Xili Golf Club.

The financial highlights of Hart Industries are set out below:

	<b>(Unaudited)</b> <b>For the</b> <b>financial year</b> <b>ended 31</b> <b>March 2011</b> <b>(HK\$)</b>	(Unaudited) For the financial year ended 31 March 2010 (HK\$)
Turnover	-	-
Profit/ (Loss) before taxation	-	-
Profit/ (Loss) after taxation	-	-
Net assets value	<b>2</b>	<b>2</b>

### **INFORMATION OF THE COMPANY AND THE PURCHASER**

The Company is an investment holding company and its subsidiaries are principally engaged in hotel investment and operations, and property investment.

The Purchaser is an investment holding company.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION**

The Directors consider that the Disposal allows the Company to dispose of its non-core assets and improve the financial position of the Group by reducing the debts owing to the Purchaser and the consequential operating costs and interest expenses to be incurred.

The Directors (including the independent non-executive Directors) believe that the terms of the transaction are on normal commercial terms, which are fair and reasonable and the entering into the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Datuk LIM Chee Wah, the Chairman of the Company and an executive Director and the Group Chief Executive Officer, wholly and beneficially owns the Purchaser, and has declared his potential conflict of interests in the transaction contemplated and thus he has abstained from voting on the board resolutions approving the Sale and Purchase Agreement. Save as set out hereinabove, none of the other Directors has a material interest in the Sale and Purchase Agreement and the transaction contemplated thereunder or is required to abstain from voting on the board resolutions for approving the same.

### **FINANCIAL EFFECT OF THE TRASACTION**

Based on the unaudited financial information of Hart Industries as at 31 March 2011 and assuming the completion of the Disposal has been taken place, the Company is expected to record a gain from the Disposal of approximately HK\$ 100,000 for the financial year ended 31 March 2012, based on the excess of the consideration on the Disposal over the cost of

investment in the share capital of Hart Industries, the Sale Loan and the cost of transfer fee, subject to final audit. Upon completion of the Disposal, Hart Industries will cease to be a subsidiary of the Company, and the financial results of Hart Industries will no longer be consolidated into the Group's financial statements after the said completion.

## **PROCEEDS FROM THE TRANSACTION**

As the consideration on the Disposal shall be payable to the Company by Purchaser by setting-off the consideration against the existing loans due and owed by the Company to the Purchaser, there will not be any net proceeds bringing into the Company.

## **LISTING RULES IMPLICATIONS**

The Purchaser, being the controlling Shareholder of the Company and being wholly and beneficially owned by Datuk LIM Chee Wah, the Chairman of the Company and an executive Director and the Group Chief Executive Officer, is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under the Listing Rules. As the applicable percentage ratios for the Disposal exceed 0.1% but are less than 5%, the transaction contemplated under the Disposal constitutes a connected transaction exempt from independent Shareholders' approval requirements and is subject to the reporting and announcement requirements under the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms have the same meanings as set out below:

“Board”	the board of Directors;
“Company”	VXL Capital Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 727);
“Directors”	directors of the Company;
“Disposal”	the disposal by the Company of the entire issued share capital of and the Sale Loan owing by Hart Industries to the Purchaser pursuant to the Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries;
“Hart Industries”	Hart Industries (Far East) Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong as a limited liability company;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchaser”	VXL Capital Partners Corporation Limited, a company incorporated in the British Virgin Islands and a controlling Shareholder of the Company, which is wholly and beneficially owned by Datuk LIM Chee Wah, the Chairman of the Company and an executive Director and the Group Chief Executive Officer;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 April 2011 entered into between the Company as the vendor and the Purchaser as the purchaser in relation to the Disposal;
“Sale Loan”	the entire amount of shareholder’s loan owing by Hart Industries to the Company as at the date of the Sale and Purchase Agreement, the total outstanding amount of which is approximately HK\$1,099,998.
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

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

Hong Kong, 13 April 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