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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)

**TERMINATION OF ACQUISITION OF
HOTEL PROPERTY**

The Board announces that “U” Inns Weihai has on 18 July 2011 entered into the Termination Agreement with the Vendor to terminate the acquisition of 山東威海鴻宇酒店 (Shandong Weihai Hongyu Hotel*). The consideration paid by the Group for the Subject Property of approximately RMB8.3 million (equivalent to approximately HK\$10.0 million) has been refunded to the Group and the Subject Property will be handed over to the Vendor.

Reference is made to the announcements of VXL Capital Limited (the “Company”, together with its subsidiaries, the “Group”) dated 11 June 2007, 24 October 2007 and 7 March 2008 (the “Announcements”) and the circulars of the Company dated 29 June 2007, 14 December 2007 and 26 March 2008 (the “Circulars”) in relation to the acquisition of a total of 28 hotel properties (the “Hotel Properties”, and each, a “Hotel Property”) in the People’s Republic of China (the “PRC”) as part of the Group’s strategy of establishing a brand name of quality budget hotel chain in the PRC. Subsequent to the Announcements and the Circulars, one additional Hotel Property was acquired and thus the Group has acquired 29 Hotel Properties in total. Reference is also made to the announcements of the Company dated 8 June 2010, 25 June 2010 and 27 January 2011 regarding the subsequent disposal and/or termination of acquisition of a total of 14 Hotel Properties.

Termination of acquisition of a Hotel Property

As disclosed in the Announcements and the Circulars, completion of the acquisition of the Hotel Properties is subject to, among other things, completion of all necessary registration procedures with relevant government authorities in the PRC in respect of the transfer of the title of the Hotel Properties. If the aforesaid registration procedures cannot be completed within 1 year due to reasons unrelated to the Group, the Group shall have the right to be refunded the consideration paid for the relevant Hotel Properties.

As disclosed in the announcement of the Company dated 25 June 2010, the handover of 13 Hotel Properties has been completed. Despite the physical handover of these Hotel Properties, the registration of the transfer of the title of one of these Hotel

Properties, namely 山東威海鴻宇酒店 (Shandong Weihai Hongyu Hotel*) (the “Subject Property”), has not been successfully completed. After negotiations among the parties and after Stock Exchange trading hours on 18 July 2011, 你的客棧酒店 (威海)有限公司 (“U” Inns & Hotel (Weihai) Limited*) (“U” Inns Weihai”), a wholly-owned subsidiary of the Company, has signed an agreement (the “Termination Agreement”) with 山東省郵政公司 (Shandong Province Post Company*), the vendor of the Subject Property (the “Vendor”), to terminate the acquisition of the Subject Property. According to the terms of the original sale and purchase agreement of the Subject Property, the consideration for the acquisition of the Subject Property amounted to approximately RMB8.3 million (equivalent to approximately HK\$10.0 million). Pursuant to the terms of the Termination Agreement, the consideration paid by the Group for the Subject Property has been refunded in full to the Group. A penalty of RMB180,000 (equivalent to approximately HK\$216,500) will be paid to the Group within 5 business days after the date of the Termination Agreement. Within 3 business days after receiving the penalty, the Group will hand over the Subject Property to the Vendor. Neither party shall have any liabilities against the other upon termination. The board of directors of the Company (the “Board”) does not consider the termination has any material adverse effect on the financial positions and operations of the Group.

For illustration in this announcement, figures denominated in RMB are translated into HK\$ at the approximate exchange rate of RMB1 to HK\$1.2.

*English translation of Chinese names or words marked with * in this announcement are included for information purposes 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, 18 July 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