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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 TRANSACTIONS  
DISPOSAL OF TWO HOTEL PROPERTIES**

The Board is pleased to announce that after the Stock Exchange trading hours on 23 November 2011, the Vendor, a wholly-owned subsidiary of the Company, entered into the Renshou Agreement and the Suining Agreement with the Renshou Purchaser and the Suining Purchaser to dispose of the Renshou Hotel Property and the Suining Hotel Property, respectively, for a total consideration of RMB33.37 million (equivalent to approximately HK\$40.94 million).

The Renshou Agreement and the Suining Agreement are independent of each other. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Renshou Purchaser and the Suining Purchaser are independent of and not related to each other, and are independent of the Company and its connected persons.

As the applicable percentage ratios (as defined in the Listing Rules) for each of the Renshou Disposal and the Suining Disposal exceeds 5% but is less than 25%, each of the Renshou Disposal and the Suining Disposal constitutes a discloseable transaction for the Company under Chapter 14 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 after the Stock Exchange trading hours on 23 November 2011, the Vendor, a wholly-owned subsidiary of the Company, entered into the Renshou Agreement and the Suining Agreement with the Renshou Purchaser and the Suining Purchaser to dispose of the Renshou Hotel Property and the Suining Hotel Property, respectively, for a total consideration of RMB33.37 million (equivalent to approximately HK\$40.94 million).

The Renshou Agreement and the Suining Agreement are independent of each other. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Renshou Purchaser and the Suining Purchaser are independent of and not related to each other.

Details of the Renshou Agreement and the Suining Agreement are set out below.

## **THE RENSHOU AGREEMENT**

### **Date**

23 November 2011

### **Parties**

- (i) the Vendor; and
- (ii) the Renshou Purchaser, a company principally engaged in real estate development and operation, and interior decoration in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Renshou Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Subject assets being disposed of**

Pursuant to the Renshou Agreement, the Renshou Purchaser agreed to acquire, and the Vendor agreed to dispose of, the Renshou Hotel Property.

## **Consideration**

The consideration for the Renshou Hotel Property in the amount of RMB17.37 million (equivalent to approximately HK\$21.31 million) is payable by the Renshou Purchaser in the following manner:

- (i) RMB2.00 million (equivalent to approximately HK\$2.45 million) was paid in cash as deposit upon signing of the Renshou Agreement; and
- (ii) RMB15.37 million (equivalent to approximately HK\$18.86 million) shall be payable in cash within 30 days of the receipt of the notification from the Vendor that it has obtained the relevant land use right and title documents in respect of the Renshou Hotel Property.

The consideration for the Renshou Hotel Property was arrived at after arm's length negotiations between the Vendor and the Renshou Purchaser with reference to the market price of other similar properties in the vicinity of the Renshou Hotel Property.

## **Completion**

Completion of the Renshou Agreement shall take place within 3 Business Days after the date on which the consideration for the Renshou Hotel Property has been settled by the Renshou Purchaser in full.

## **Other terms**

Within 30 Business Days of the signing of the Renshou Agreement, the Vendor shall proceed to apply for and obtain the relevant land use right and title documents for the Renshou Hotel Property.

In the event the Vendor fails to proceed to completion of the Renshou Agreement after obtaining the relevant land use right and title documents for the Renshou Hotel Property, the Vendor shall refund the RMB2.00 million deposit and pay a further RMB2.00 million compensation to the Renshou Purchaser.

In the event the Renshou Purchaser fails to proceed to completion of the Renshou Agreement after the Vendor has obtained the relevant land use right and title documents for the Renshou Hotel Property, the Vendor shall be entitled to forfeit the RMB2.00 million deposit and terminate the Renshou Agreement.

## **THE SUINING AGREEMENT**

### **Date**

23 November 2011

### **Parties**

- (i) the Vendor; and
- (ii) the Suining Purchaser, a company principally engaged in agricultural tourism management, catering, convention services, teahouse, sports, children's playground, and investments in real estate, husbandry and forestry.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Suining Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Subject assets being disposed of**

Pursuant to the Suining Agreement, the Suining Purchaser agreed to acquire, and the Vendor agreed to dispose of, the Suining Hotel Property.

### **Consideration**

The consideration for the Suining Hotel Property in the amount of RMB16.00 million (equivalent to approximately HK\$19.63 million) is payable by the Suining Purchaser in the following manner:

- (i) RMB2.00 million (equivalent to approximately HK\$2.45 million) was paid in cash as deposit upon signing of the Suining Agreement; and
- (ii) RMB14.00 million (equivalent to approximately HK\$17.18 million) shall be payable in cash within 30 days of the receipt of the notification from the Vendor that it has obtained the relevant land use right and title documents in respect of the Suining Hotel Property.

The consideration for the Suining Hotel Property was arrived at after arm's length negotiations between the Vendor and the Suining Purchaser with reference to the market price of other similar properties in the vicinity of the Suining Hotel Property.

### **Completion**

Completion of the Suining Agreement shall take place within 3 Business Days after the date on which the consideration for the Suining Hotel Property has been settled by the Suining Purchaser in full.

### **Other terms**

Within 30 Business Days of the signing of the Suining Agreement, the Vendor shall proceed to apply for and obtain the relevant land use right and title documents for the Suining Hotel Property.

In the event the Vendor fails to proceed to completion of the Suining Agreement after obtaining the relevant land use right and title documents for the Suining Hotel Property, the Vendor shall refund the RMB2.00 million deposit and pay a further RMB2.00 million compensation to the Suining Purchaser.

In the event the Suining Purchaser fails to proceed to completion of the Suining Agreement after the Vendor has obtained the relevant land use right and title documents for the Suining Hotel Property, the Vendor shall be entitled to forfeit the RMB2.00 million deposit and terminate the Suining Agreement.

### **INFORMATION ON THE HOTEL PROPERTIES**

The Renshou Hotel Property is situated at Pingan Road, Renshou County, Sichuan Province, the PRC and has a gross floor area of approximately 5,200 square metres. The carrying value of the Renshou Hotel Property as at 31 October 2011 in the unaudited consolidated financial statements of the Group was approximately RMB12.88 million (equivalent to approximately HK\$15.80 million). The audited net loss (both before and after taxation) attributable to the Renshou Hotel Property for the financial years ended 31 March 2010 and 31 March 2011 were approximately RMB0.48 million (equivalent to approximately HK\$0.59 million) and RMB0.41 million (equivalent to approximately HK\$0.50 million), respectively.

The Suining Hotel Property is situated at Suizhouzhong Road, Suining Development Zone, Sichuan Province, the PRC and has a gross floor area of approximately 4,800 square metres. The carrying value of the Suining Hotel Property as at 31 October 2011 in the unaudited consolidated financial statements of the Group was approximately RMB10.18 million (equivalent to approximately HK\$12.49 million). The audited net loss (both before and after taxation) attributable to the Suining Hotel Property for the financial years ended 31 March 2010 and 31 March 2011 were approximately RMB0.39 million (equivalent to approximately HK\$0.48 million) and RMB0.34 million (equivalent to approximately HK\$0.42 million), respectively.

### **REASONS FOR THE RENSHOU DISPOSAL AND THE SUINING DISPOSAL**

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.

As stated in the Company's annual report for the year ended 31 March 2011, the Group maintains its strategies of developing its properties into budget hotels or commercial offices for leasing or sale, or, when appropriate, outright sale. The Renshou Disposal and the Suining Disposal are consistent with the aforesaid development strategy of the Group and serve to enhance the overall quality of the property portfolio of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Renshou Agreement and the Suining Agreement are on normal commercial terms and are fair and reasonable. Taking into account the expected gain to be realised and the positive cashflow to be generated from the Renshou Disposal and the Suining Disposal, the Directors (including the independent non-executive Directors) also consider that the Renshou Disposal and the Suining Disposal are in the interests of the Company and the Shareholders as a whole.

### **POSSIBLE FINANCIAL EFFECTS OF THE RENSHOU DISPOSAL AND THE SUINING DISPOSAL**

Based on the carrying value of the Renshou Hotel Property of approximately RMB12.88 million (equivalent to approximately HK\$15.80 million) as at 31 October 2011, it is estimated that the Company will realise a gain from the Renshou Disposal of approximately HK\$1.41 million, being the difference between the consideration for the Renshou Hotel Property and the carrying value of the Renshou Hotel Property as at 31 October 2011 and after taking into account of the agency fees and other professional fees, if any, and taxes, etc. attributable to the Renshou Disposal.

Based on the carrying value of the Suining Hotel Property of approximately RMB10.18 million (equivalent to approximately HK\$12.49 million) as at 31 October 2011, it is estimated that the Company will realise a gain from the Suining Disposal of approximately HK\$1.84 million, being the difference between the consideration for the Suining Hotel Property and the carrying value of the Suining Hotel Property as at 31 October 2011 and after taking into account of the agency fees and other professional fees, if any, and taxes, etc. attributable to the Suining Disposal.

## **USE OF PROCEEDS**

The proceeds from the Renshou Disposal and the Suining Disposal, after deduction of expenses directly attributable thereto, are estimated to be approximately RMB14.03 million (equivalent to approximately HK\$17.21 million) and RMB11.68 million (equivalent to approximately HK\$14.33 million) respectively. The Group intends to apply the net proceeds from the Renshou Disposal and the Suining Disposal towards the Group's working capital.

## **LISTING RULES IMPLICATION**

As the applicable percentage ratios (as defined in the Listing Rules) for each of the Renshou Disposal and the Suining Disposal exceeds 5% but is less than 25%, each of the Renshou Disposal and the Suining Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the notification 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
“Business Day(s)”	any day(s) other than a Saturday, Sunday or other day(s) on which banks are authorised or required by law to be closed in the PRC
“Company”	VXL Capital Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 727)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of 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 Hong Kong, the Macau Special Administrative Region and Taiwan
“Renshou Agreement”	the sale and purchase agreement dated 23 November 2011 entered into between the Vendor and the Renshou Purchaser relating to the sale and purchase of the Renshou Hotel Property
“Renshou Disposal”	the disposal of the Renshou Hotel Property by the Vendor pursuant to the terms of the Renshou Agreement
“Renshou Hotel Property”	the hotel property situated at Renshou County, Sichuan Province, the PRC, which is the subject asset of the Renshou Disposal
“Renshou Purchaser”	仁壽縣景聖景房地產開發有限責任公司 (Renshou Jingshengjing Property Development Co., Ltd.*), a company incorporated under the laws of the PRC with limited liability
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suining Agreement”	the sale and purchase agreement dated 23 November 2011 entered into between the Vendor and the Suining Purchaser relating to the sale and purchase of the Suining Hotel Property
“Suining Disposal”	the disposal of the Suining Hotel Property by the Vendor pursuant to the terms of the Suining Agreement
“Suining Hotel Property”	the hotel property situated at Suining City, Sichuan Province, the PRC, which is the subject asset of the Suining Disposal
“Suining Purchaser”	四川省向東方投資集團有限公司 (Sichuan Xiangdongfang Investment Group Co., Ltd.*), a company incorporated under the laws of the PRC with limited liability
“Vendor”	你的客棧酒店(四川)有限公司 (“U” Inns & Hotel (Sichuan) Limited*), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company



“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

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

23 November 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

*Throughout this announcement, amounts in RMB have been translated, for illustration only, into HK\$ at the exchange rate of RMB1.0 = HK\$1.2268. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*

*\* for identification purpose only*