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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**

The Board is pleased to announce that after the trading hours of the Stock Exchange on 8 February 2013, UIHIL, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Transfer Agreement pursuant to which UIHIL agreed to dispose of and the Purchaser agreed to acquire the Sale Interest. The Sale Interest represents the entire equity interest in U-Inn Tulufan whose principal asset is the Hotel Property.

As the 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 Chapter 14 of the Listing Rules, and is subject to the notification and announcement requirements under the Listing Rules.

After the trading hours of the Stock Exchange on 8 February 2013, UIHIL, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Transfer Agreement pursuant to which UIHIL agreed to dispose of and the Purchaser agreed to acquire the Sale Interest. Details of the Transfer Agreement are as follows.

### **THE TRANSFER AGREEMENT**

#### **Date**

8 February 2013

#### **Parties**

(i) UIHIL; and

- (ii) the Purchaser, Mr. Shi Lijun.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons.

### **Subject asset being disposed of**

Pursuant to the Transfer Agreement, the Purchaser agreed to acquire, and UIHIL agreed to dispose of the Sale Interest. The Sale Interest represents the entire equity interest in U-Inn Tulufan.

### **Consideration**

The consideration for the Sale Interest is approximately RMB15.1 million (equivalent to approximately HK\$18.7 million) and shall be payable by the Purchaser in accordance with the following schedule:

- (i) 50% of the consideration for the Sale Interest (i.e. RMB 7.6 million (equivalent to approximately HK\$9.4 million)) has been paid by the Purchaser to UIHIL on the date of the Transfer Agreement;
- (ii) 40% of the consideration for the Sale Interest (i.e. RMB 6.0 million (equivalent to approximately HK\$7.5 million)) shall be payable by the Purchaser to UIHIL upon receipt of the consent from the relevant government authority on the Disposal; and
- (iii) the remaining 10% of the consideration for the Sale Interest (i.e. RMB 1.5 million (equivalent to approximately HK\$1.9 million)) shall be payable by the Purchaser to UIHIL upon receipt of the notice of acceptance of registration for change in shareholding from Tulufan Administration for Industry and Commerce.

The consideration for the Sale Interest was determined after arm's length negotiations between UIHIL and the Purchaser with reference to the valuation of the Hotel Property and the other net assets of U-Inn Tulufan as at 31 December 2012 as prepared by an independent valuer in the PRC in the amount of approximately RMB15.1 million (equivalent to approximately HK\$18.7 million).

In addition to the consideration for the Sale Interest, the Purchaser shall repay the entire inter-company debt owed by U-Inn Tulufan to UIHIL in the amount of approximately RMB1.1 million (equivalent to approximately HK\$1.4 million) on the date of the Transfer Agreement.

### **Completion**

Completion of the Transfer Agreement shall take place after the consideration for the Sale Interest has been fully settled by the Purchaser.

Upon completion of the Disposal, the Company will cease to hold any interest in U-Inn Tulufan and U-Inn Tulufan will cease to be a subsidiary of the Company.

### **INFORMATION ON U-INN TULUFAN**

U-Inn Tulufan is principally engaged in hotel investments in the PRC and its principal asset is the Hotel Property located in Tulufan Prefecture, Xinjiang Uygur Autonomous Region, the PRC. The Hotel Property has a gross floor area of approximately 5,149 square metres and has not commenced operation. Based on the unaudited accounts of U-Inn Tulufan included in the audited consolidated accounts of the Group, the net loss (both before and after taxation) of U-Inn Tulufan for each of the two financial years ended 31 December 2011 and 2012 were approximately RMB0.2 million and RMB0.5 million respectively (equivalent to approximately HK\$0.2 million and HK\$0.6 million respectively). The net asset value of U-Inn Tulufan as at 31 December 2012 amounted to approximately RMB10.9 million (equivalent to approximately HK\$13.5 million).

### **POSSIBLE FINANCIAL EFFECTS OF DISPOSAL**

Based on the net asset value of U-Inn Tulufan of approximately HK\$13.5 million as shown in the management accounts of U-Inn Tulufan as at 31 December 2012, it is estimated that the Company will realise a gain from the Disposal of approximately HK\$3.8 million, being the difference between the consideration for the Sale Interest and the net asset value of U-Inn Tulufan as at 31 December 2012 and taking into account of the expenses directly attributable to the Disposal such as professional fees and taxes.

## **REASONS FOR AND BENEFITS OF THE TRANSFER**

The Group is engaged in hotel investment and management, property investment, securities trading and investment. The Group currently owns a total of 10 properties in the PRC in its portfolio. The Disposal is in line with the stated strategy of the Group to develop the property portfolio into budget hotels or commercial offices for leasing or sale, or, when appropriate, outright sale as stated in the interim report of the Company for the six months ended 30 September 2012.

The net proceeds from the Disposal, after deducting the expenses directly attributable thereto, are estimated to be approximately RMB14.0 million (equivalent to approximately HK\$17.4 million). The Group intends to apply the net proceeds from the Disposal as its general working capital.

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

## **LISTING RULES IMPLICATIONS**

As the 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 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 meanings as set out below:

“Board”	the board of Directors
“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
“Disposal”	the disposal of the entire equity interest in U-Inn Tulufan by UIHIL to the Purchaser pursuant to the terms of the Transfer Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel Property”	the hotel property located in Tulufan Prefecture, Xinjiang Uygur Autonomous Region, the PRC and owned by U-Inn Tulufan
“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
“Purchaser”	Mr. Shi Lijun
“Sale Interest”	the entire equity interest in U-Inn Tulufan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Agreement”	the share transfer agreement dated 8 February 2013 entered into between UIHIL and the Purchaser in respect of the Disposal
“U-Inn Tulufan”	你的客棧酒店管理（吐魯番地區）有限公司（“U” Inns & Hotel Management (Tulufan Prefecture) Co. Limited*), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of UIHIL as at the date of the Transfer Agreement
“UIHIL”	“U” Inns & Hotels Investment Limited 你的客棧酒店有限公司), a company incorporated in Hong Kong 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*

8 February 2013

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.  
Mr. David YU Hon To  
Mr. SOO Ying Pooi

*Throughout this announcement, amounts in RMB have been translated, for illustration only, into HK\$ at the exchange rate of RMB1 = HK\$1.24. 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*