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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)

**MAJOR DISPOSAL
AND
RESUMPTION OF TRADING**

THE DISPOSAL

After the trading hours of the Stock Exchange on 21 September 2011, Daily Right, a wholly-owned subsidiary of the Company, and BRE entered into the Agreement with the Buyer, whereby BRE and Daily Right agreed to sell to the Buyer the Sale Shares (representing the entire issued share capital of Moral High, of which 95% shall be sold by BRE and 5% shall be sold by Daily Right) for an aggregate gross consideration of RMB1,460.0 million (equivalent to approximately HK\$1,782.0 million), subject to adjustments as described in this announcement. The consideration for the Sale Shares will be settled in cash. The consideration attributable to the Daily Right Sale Shares is approximately RMB43.8 million (equivalent to approximately HK\$53.5 million) (subject to adjustments).

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders. To the best of the Directors' knowledge, no Shareholder has a material interest in the Disposal who is required to abstain from voting at a general meeting to approve the Disposal. VXLCP, which is beneficially interested in 1,069,308,000 Shares (representing approximately 69.9% of the issued Shares as at the date hereof), has given written consent to the Disposal. The written consent from VXLCP is accepted in lieu of holding a general meeting to approve the Disposal pursuant to Rule 14.44 of the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

Trading of the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m.

on 22 September 2011 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption in trading of the Shares with effect from 9:00 a.m. on 23 September 2011.

THE AGREEMENT

Date:

21 September 2011

Parties:

- (i) Daily Right and BRE (the Sellers); and
- (ii) Skybird International Limited (the Buyer).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, (i) the Buyer is an investment holding company and a wholly-owned subsidiary of New World Department Store China Limited (a company whose shares are listed on the Main Board of the Stock Exchange (stock code : 825)), which is in turn a subsidiary of New World Development Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code : 17); (ii) BRE is an investment holding company; (iii) the Buyer and its ultimate beneficial owners are third parties independent of the Company and its connected persons; and (iv) save for the common shareholding interest in Moral High, BRE and its ultimate beneficial owners are third parties independent of the Company and its connected persons. The Company has not been involved in any previous transaction with the Buyer and its ultimate beneficial owners which would otherwise require aggregation with the Disposal pursuant to Rule 14.22 of the Listing Rules.

Subject assets being disposed:

The Sale Shares, representing 100% of the entire issued share capital of Moral High, of which 95% of the issued share capital of Moral High will be sold by BRE and 5% of the issued share capital of Moral High (i.e. the Daily Right Sale Shares) will be sold by Daily Right. The Daily Right Sale Shares represent all the equity interest of Daily Right in Moral High.

The Sale Shares shall be sold free from all claims, charges, liens, encumbrances, equities and third party rights and together with all rights, titles, interests and benefits now and hereafter attached thereto and all dividends, distributions and interest declared, paid, made or accrued in respect thereof on or after the Completion Date.

Consideration:

The aggregate gross consideration for the Sale Shares is RMB1,460.0 million (equivalent to approximately HK\$1,782.0 million) (subject to the deductions and adjustments as set out below) and is payable by the Buyer to the Sellers in cash as follows:

- (a) the Buyer had prior to the signing of the Agreement deposited HK\$50.0 million with the Stakeholder and shall within 5 Business Days from the date of the Agreement deposit with the Stakeholder an additional HK\$50.0 million, and such aggregate sum of HK\$100.0 million together with interests, if any (the “Deposit”), shall be held in escrow and be released by the Stakeholder to the Sellers at Completion;
- (b) an amount calculated pursuant to the following formula shall be paid by the Buyer to BRE at Completion:

the HK\$ equivalent of $(C - R) - D$

where (i) “C” is 95% of the amount equal to the gross consideration of RMB1,460.0 million less RMB580.0 million (being the outstanding principal balance of the Bank Loan as at Completion) and less the Adjustment Amount, (ii) “R” is the sum of RMB1.2 million (the “Retention Amount”), and (iii) “D” is 95% of the Deposit; and

- (c) an amount calculated pursuant to the following formula shall be paid by the Buyer to Daily Right at Completion:

the HK\$ equivalent of $C - D$

where (i) “C” is 5% of the amount equal to the gross consideration of RMB1,460.0 million less RMB580.0 million (being the outstanding principal balance of the Bank Loan as at Completion) and less the Adjustment Amount, and (ii) “D” is 5% of the Deposit; and

- (d) the Retention Amount, after deducting therefrom all compensations or other amounts paid by the Buyer or any of its affiliates to Insite in connection with the employment of existing employees of Insite after Completion and losses which the Buyer, Moral High and/or Peak Moral High may incur as a result of the failure by Insite to pay all relevant salaries, wages, compensation and other amounts in connection with the termination of employment of existing employees of Insite, shall be paid in its HK\$ equivalent by the Buyer to BRE on the date of expiration of the term (including any extended term of up to 6 months from the Completion Date) of the management agreement to be entered into between the Buyer or any of its affiliates with Insite in relation to the provision of asset management services in respect of the Property after Completion.

Based on the unaudited management accounts of Moral High and Peak Moral High as at 31 July 2011, the Adjustment Amount is approximately RMB3.2 million (equivalent to approximately HK\$4.0 million). Based on the above formula, the consideration attributable to the Daily Right Sale Shares and receivable by Daily Right is approximately RMB43.8 million (equivalent to approximately HK\$53.5 million) (subject to adjustments described below).

The consideration for the Sale Shares was arrived at after arm's length negotiations between the Sellers and the Buyer, taking into account the net asset value of Moral High and Peak Moral High, the market price of other properties in the vicinity of the Property, and other factors such as the development and rental potential of the Property.

Adjustment to the consideration

If the amount of the aggregate Net Liabilities of Moral High and Peak Moral High as shown in the Completion Accounts is greater than the Adjustment Amount, then the Sellers shall within 7 Business Days from the delivery of such accounts refund to the Buyer (apportioned between BRE and Daily Right as to 95% and 5% respectively) an amount equal to such excess in its HK\$ equivalent. If the amount of the aggregate Net Liabilities of Moral High and Peak Moral High as shown in the Completion Accounts is less than the Adjustment Amount, then the Buyer shall within 7 Business Days from the delivery of such accounts pay to the Sellers (apportioned between BRE and Daily Right as to 95% and 5% respectively) an amount equal to such shortfall in its HK\$ equivalent.

Conditions

Completion is subject to the satisfaction (or waiver by the Buyer) of the following conditions on or prior to the Completion Date:

- (a) each of the representations, warranties and covenants made by the Sellers in the Agreement shall be true and correct in all material respects when made on and as of the Completion Date;
- (b) the Sellers shall have performed or complied in all respects with each obligation and covenant required by the Agreement to be performed or complied with by the Sellers on or before the Completion Date;
- (c) no order or injunction of any court or administrative agency of competent jurisdiction nor any statute, rule, regulation or executive order promulgated by any governmental authority of competent jurisdiction shall be in effect as of the Completion Date which restrains or prohibits the transfer of the applicable assets or the consummation of any other transaction contemplated under the Agreement and all governmental consents related to the transaction shall have been obtained;
- (d) no material adverse change (or effect), the consequence of which is to materially and adversely affect the financial position, business or property, results of operations, business prospects or assets of Moral High and Peak Moral High, shall have occurred since the date of the Agreement which would affect the Property or the prospects, condition, operation or business thereof or in the assets, business, operation, financial condition or prospects of Peak Moral High or Moral High;
- (e) no action, suit or other proceeding shall be pending (save for those listed in the Agreement) which shall have been brought by any person or entity (other than the parties to the Agreement and their affiliates) (i) to restrain, prohibit or change in any material respect the purchase and sale of the applicable assets or the consummation of any other transaction contemplated under the Agreement or (ii) seeking material damages with respect to such purchase and sale or any other transaction contemplated under the Agreement;
- (f) the Sellers shall have delivered, and the Buyer shall have received, all of the documents required to be delivered by the Sellers under the Agreement;

- (g) Completion shall not trigger any obligation to repay, additional liabilities, or change in terms under the Bank Loan;
- (h) save for those listed in the Agreement, all licenses and permits concerning the Property shall have been obtained;
- (i) all intercompany balances and loans between Moral High, Peak Moral High and the Sellers and their respective affiliates shall have been settled and all documents and agreements related thereto or in connection therewith shall have been terminated, in each case with no further obligation or liability to Moral High and/or Peak Moral High;
- (j) all registration procedures, approvals and/or consents required by government, laws, rules and regulations and contracts in respect of and/or in connection with the transactions contemplated under the Agreement having been completed and/or obtained;
- (k) Peak Moral High shall terminate Insite's appointment as asset manager pursuant to the Asset Management Agreement with effect from the Completion Date;
- (l) all transfer procedures relating to the transfer by Insite to Peak Moral High of all intellectual property rights relating to “调 • 频 • 壹” shall have been submitted and Insite and Peak Moral High shall have entered into a license agreement in relation to the exclusive use of the “调 • 频 • 壹” trademark until the earlier of (i) the last day of the registration term of the “调 • 频 • 壹” trademark (including any extended registration terms) or (ii) the date the transfer of the “调 • 频 • 壹” trademark from Insite to Peak Moral High is duly completed, for no consideration; and
- (m) Daily Right having obtained the approval of the Agreement and the transactions contemplated thereunder by the Shareholders.

The Buyer may in its absolute discretion at any time waive in writing any one or more of the above conditions and such waiver may be made subject to such terms and conditions as may be determined by the Buyer. In the event that not all the conditions have been fulfilled or waived by the Buyer by no later than 9:00 a.m. (Hong Kong time) on the Completion Date, the Agreement shall lapse and be of no further effect and no party to the Agreement shall have any claim against or liability or obligation to the other party save in respect of any antecedent breaches of the Agreement and the Deposit shall be released to the Buyer by the Stakeholder in accordance with the terms of the Stakeholder Agreement.

Completion

Subject to all the conditions precedent being fulfilled or waived, Completion shall take place on the 60th day from the date of the Agreement.

INFORMATION ON MORAL HIGH AND THE PROPERTY

Daily Right is an investment holding company. Its principal asset is a 5% interest in Moral High, which in turn is an investment holding company holding a 100% equity interest in the issued share capital of Peak Moral High. Daily Right had disposed of 95% of its interest in Moral High in November of 2008 to BRE.

Peak Moral High is a limited liability company established in the PRC and is a wholly-owned subsidiary of Moral High. The principal asset of Peak Moral High is the Property, which consists of a completed retail development with a gross floor area of approximately 42,000 square meters known as “Channel 1 調頻壹” located at 155 Changshou Road, Putuo District, Shanghai, the PRC. The Property is currently managed by Insite under the Asset Management Agreement and retail business currently in operation at the Property commenced in May 2009.

The financial information of Moral High based on its unaudited financial statements are as follows:

	Year ended 31 March 2011 <i>HK\$</i>	Year ended 31 March 2010 <i>HK\$</i>
Loss before tax	123,416	60,315
Loss after tax	123,674	60,594
		As at 31 March 2011 <i>HK\$</i>
Net asset value		310,534,228

The financial information of Peak Moral High based on its unaudited financial statements are as follows:

	Year ended 31 December 2010		Year ended 31 December 2009	
	<i>RMB'm</i>	<i>HK\$m</i>	<i>RMB'm</i>	<i>HK\$m</i>
Loss before tax	46.7	57.0	251.9	307.5
Loss after tax	46.7	57.0	251.9	307.5
			As at 31 December 2010	
			<i>RMB'm</i>	<i>HK\$m</i>
Net liabilities			0.8	1.0

REASONS FOR THE DISPOSAL

The Company is an investment holding company and its subsidiaries are engaged in property and hotel investments. At present, the Group owns a total of 14 hotel properties in the PRC.

As at the date of the Agreement, the Group holds a 5% interest in Moral High and has not been actively involved in the management or operation of the Property since the sale of 95% interest in Moral High to BRE in late 2008. Following Completion, the Group will cease to hold any equity interest in Moral High. The Directors consider that the Disposal represents an excellent opportunity for the Group to realise a capital gain from its investment in Moral High, generates positive cashflow for the Group and enables the Group to reallocate and focus its resources on other projects and investments.

Based on the consideration attributable to the Daily Right Sale Shares of approximately RMB43.8 million (equivalent to approximately HK\$53.5 million) and the book value of the captioned investment holding in Daily Right as at 31 August 2011 of approximately HK\$31.1 million, the Disposal is expected to realise a profit (before expenses) of approximately HK\$22.4 million for the Group. Shareholders and investors should note that the actual gain on the Disposal will be determined based on the final consideration after adjustments (if any) as described above and the book value of the Group's investment in Daily Right at Completion, and may be different from the gain as disclosed above.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement, including the consideration for the Daily Right Sale Shares, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net proceeds from the Disposal after deducting the expenses and deductions attributable to the Disposal are estimated to be approximately HK\$51.3 million. The net proceeds shall be used by the Group for future property related investment and general working capital purposes. As at the date hereof, the Group has not entered into any agreements or arrangements in relation to further acquisitions of investments.

GENERAL

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders. To the best of the Directors' knowledge, no Shareholder has a material interest in the Disposal who is required to abstain from voting at a general meeting to approve the Disposal. VXLCP, which is beneficially interested in 1,069,308,000 Shares (representing approximately 69.9% of the issued share capital of the Company as at the date hereof), has given written consent to the Disposal. The written consent from VXLCP is accepted in lieu of holding a general meeting to approve the Disposal pursuant to Rule 14.44 of the Listing Rules.

A circular containing details of the Agreement, financial information of the Group and other information required under the Listing Rules will be despatched to the Shareholders on or before 14 October 2011.

SUSPENSION AND RESUMPTION OF TRADING

Trading of the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 22 September 2011 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:00 a.m. on 23 September 2011.

DEFINITIONS

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

“Adjustment Amount” the aggregate Net Liabilities of Peak Moral High and Moral High based on their unaudited management accounts as of 31 July 2011

“Agreement”	the conditional sale and purchase agreement dated 21 September 2011 entered into among Daily Right, BRE and the Buyer relating to the sale and purchase of the Sale Shares
“Asset Management Agreement”	the asset management agreement dated 5 November 2008 entered into between Peak Moral High and Insite pursuant to which Insite shall provide asset management services with respect to the Property
“Bank Loan”	the loan advanced by the Industrial and Commercial Bank of China Limited to Peak Moral High
“Board”	the board of Directors
“BRE”	BRE/Changshou S.à r.l., a company incorporated in the Grand Duchy of Luxembourg and the 95% shareholder of Moral High and one of the Sellers
“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 Hong Kong or Luxembourg (as the case may be)
“Buyer”	Skybird International Limited, a company incorporated in the British Virgin Islands with limited liability
“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)
“Completion”	completion of the Agreement
“Completion Accounts”	the management accounts of Moral High and Peak Moral High as at the Completion Date, both as reviewed by Deloitte Touche Tohmatsu and agreed to by the Buyer, or failing agreement by the Buyer, such accounts shall be reviewed by KPMG or Ernst & Young
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the meaning ascribed in the Listing Rules
“Daily Right”	Daily Right Limited, a company incorporated under the laws of the Independent State of Samoa and a wholly-owned subsidiary of the Company
“Daily Right Sale Shares”	1,316,505 shares of US\$1 each in capital of Moral High, representing 5% of the Sale Shares and the portion of the Sale Shares to be sold by Daily Right

“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Daily Right Sale Shares pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Insite”	盈石企業管理（上海）有限公司 (Insite Asset Management (Shanghai) Company Limited), a limited liability company established in the PRC and the manager of the Property under the Asset Management Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Moral High”	Moral High Limited, a company incorporated under the laws of the Independent State of Samoa with limited liability, which is owned as to 95% by BRE and 5% by Daily Right as at the date hereof
“Net Liabilities”	the aggregate of all assets and liabilities excluding fixed assets, fixed assets under construction in progress, intangible assets, third party loan and financial assets on shares in affiliated undertakings, where (i) the term “assets” shall include cash or cash equivalents (including restricted cash), account receivables (adjusted for those that are unlikely to be collected by Peak Moral High as referred to in the Agreement), notes and other receivables, advances to suppliers and prepaid expenses and (ii) the term “liabilities” shall include accounts payable, other payable (including government), accrued expenses and social security debts
“Peak Moral High”	峻領德高商業發展（上海）有限公司 (Peak Moral High Commercial Development (Shanghai) Co. Limited), a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of Moral High
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	the property project situated in the Putuo District in Shanghai, the PRC known as “Channel 1 調頻壹”

“Sale Shares”	a total of 26,330,100 ordinary shares of US\$1 each in the issued share capital of Moral High, representing 100% of the equity interest in Moral High
“Sellers”	together, BRE and Daily Right
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stakeholder”	Woo, Kwan, Lee & Lo
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VXLCPL”	VXL Capital Partners Corporation Limited, a company wholly and beneficially owned by Datuk Lim Chee Wah, the chairman of the Board and an executive Director
“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

22 September 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 HK\$1.0 = RMB0.81929. 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.