

VXL CAPITAL LIMITED
卓越金融有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 727)

**AMENDMENT AGREEMENT RELATING TO
THE DISPOSAL OF EQUITY INTEREST IN MORAL HIGH**

THE AMENDMENT AGREEMENT

On 22 October 2008, the Vendor, the Company and the Purchaser entered into the Amendment Agreement to vary certain original terms and conditions of the Agreement including, among other things, the percentage of equity interest in Moral High being sold shall be 95% and the Revised Net Consideration shall be RMB536.7 million (equivalent to approximately HK\$601.1 million). As stipulated in the Agreement, the original Net Consideration is subject to a number of downward adjustments arising from, among other things, the minimum number of car parking spaces and the minimum certified gross floor area of the Property Project. The Revised Net Consideration has been primarily arrived at after incorporating certain downward adjustments, and hence, these certain downward adjustments are taken out from the terms of the Disposal. Closing of the Disposal shall take place on or before 31 October 2008.

Apart from the above, there are no other major variations to the terms of the Agreement.

Reference is made to the announcements of the Company dated 13 June 2008 (the “First Announcement”) and 13 October 2008 (the “Second Announcement”) and the circular of the Company dated 4 July 2008 (the “Circular”) in relation to a major disposal by the Group of a 90% equity interest in Moral High. Capitalised terms used herein have the same meanings as defined in the aforesaid announcements and circular unless otherwise specified.

As stated in the First Announcement and the Circular, pursuant to the Agreement dated 4 June 2008, the Group would sell to BRE/Changshou S.A.R.L. (i.e. the Purchaser) the Sale Shares, being 90 ordinary shares of US\$1.00 each in the issued share capital of Moral High and representing 90% of the equity interest in Moral High, for the Net Consideration of RMB625.5 million (equivalent to approximately HK\$700.6 million). The Net Consideration is subject to a number of downward adjustments relating to, among other things, the minimum number of car parking spaces and the minimum certified gross floor area of the Property Project as described in the First Announcement and the Circular. Moral High is a wholly-owned subsidiary of the Company, with its principal asset being the Property Project situated in the Putuo District in Shanghai, the PRC, known as 長壽商業廣場 (Changshou

Commercial Plaza). Pursuant to the Agreement, closing of the Disposal would take place within 15 days after the satisfaction or waiver of all the conditions precedent of the Agreement on or before 30 September 2008. It was further stated in the Second Announcement that the Company has been working with the Purchaser on rescheduling the Closing Date to a date on or before 31 October 2008, and the parties were in discussions on the Group disposing additional interest in Moral High and amendment of certain other relevant terms and conditions of the Agreement incidental thereto.

THE AMENDMENT AGREEMENT

The Board announces that the parties to the Agreement have entered into an amendment agreement (the "Amendment Agreement") on 22 October 2008 to vary certain terms and conditions of the Agreement. The principal variations are as set out below:

- (i) the Vendor shall sell and the Purchaser shall acquire 95% of the equity interest in Moral High (the "Revised Sale Shares");
- (ii) the Net Consideration payable by the Purchaser to the Vendor for the Revised Sale Shares shall be revised to RMB536.7 million (equivalent to approximately HK\$601.1 million) (the "Revised Net Consideration"), primarily by the taking up of certain downward adjustments as originally provided for in the Agreement. These certain downward adjustments to the Net Consideration are in relation to, among other things, (i) the minimum number of car parking spaces; (ii) the minimum certified gross floor area of the Property Project to be delivered by the Vendor at Closing; and (iii) tax liabilities of the Moral High Group. Since the Revised Net Consideration has been primarily arrived at after incorporating the aforesaid downward adjustments, these downward adjustments are taken out from the terms of the Disposal;
- (iii) the Revised Net Consideration less the amount of Deposit of RMB80.0 million (equivalent to approximately HK\$89.6 million) and all loans, payables and liabilities of Moral High Group or related to the Property Project (including but not limited to unpaid taxes, fees and interests) shall be payable on the Closing Date; and
- (iv) closing of the Disposal shall take place on or before 31 October 2008.

Apart from the above, there are no other major variations to the terms of the Agreement.

REASONS FOR AND EFFECTS OF THE AMENDMENT AGREEMENT

The terms of the Amendment Agreement have been arrived at after arm's length negotiations between the Purchaser and the Vendor, after considering the incorporation of certain downward adjustments as originally provided for in the Agreement to the Revised Net Consideration. According to the original terms of the Agreement, had the downward

adjustments been taken into account, the final Net Consideration under the original terms of the Agreement shall be approximately RMB564.1 million (equivalent to approximately HK\$631.8 million). Taking into account that (i) the variation to the percentage of equity interest being disposed of and the variation to the final Net Consideration are not in all the circumstances considered material; (ii) the recent downturn in the global financial and investment market; and (iii) the Revised Net Consideration of RMB536.7 million approximated 95% of the independent valuation of the Property Project of RMB1,000 million (equivalent to approximately HK\$1,120 million) as of 2 June 2008 as disclosed in the Circular and with the expected outstanding principal balance of the BOS Loan of RMB435 million as at the Closing Date netted off, the Directors (including the independent non-executive Directors) consider that the aforesaid amendments to the terms of the Disposal to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

After Closing, the Company shall hold the remaining 5% equity interest in Moral High and Moral High will be accounted for as available-for-sale financial asset. The revised net proceeds from the Disposal (after deducting the related professional fees payable to property consultants and agents, accountants and financial adviser but before adjusting for the various loans and liabilities of Moral High Group which are to be finalised pursuant to the terms of the Disposal) are estimated to be approximately HK\$599.1 million. The Board intends that the revised net proceeds shall remain to be used for future property-related investments by the Group as stated in the Circular.

By order of the Board
VXL Capital Limited
Percy ARCHAMBAUD-CHAO
Director and Chief Executive Officer

Hong Kong, 23 October 2008

As at the date of this announcement, the Board comprises:

Executive Directors:

Datuk Lim Chee Wah
Mr. Percy Archambaud-Chao
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

For illustration purpose in this announcement, figures denominated in RMB are translated into HK\$ at the approximate exchange rate of RMB1 to HK\$1.12.