

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**VXL CAPITAL LIMITED**  
卓越金融有限公司

*(Incorporated in Hong Kong with limited liability)*

*(Stock Code: 727)*

**DISCLOSEABLE TRANSACTION**

After the trading hours of the Stock Exchange on 22 January 2014, UIHIL, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Equity Transfer Agreement pursuant to which UIHIL agreed to dispose of, and the Purchaser agreed to acquire, the Sale Interest for the consideration of RMB50.0 million (equivalent to HK\$64.0 million). The Sale Interest represents the entire equity interest in U Inns Jinggangshan whose principal asset is the Hotel Property.

As the applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceed 5% but are 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.

The Board is pleased to announce that after the trading hours of the Stock Exchange on 22 January 2014, UIHIL, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Equity Transfer Agreement pursuant to which UIHIL agreed to dispose of, and the Purchaser agreed to acquire, the Sale Interest. Details of the Equity Transfer Agreement are set out below.

## **THE EQUITY TRANSFER AGREEMENT**

### **Date**

22 January 2014

### **Parties**

- (i) UIHIL; and
- (ii) Mr. Liu Xiong, the Purchaser.

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 (as defined under the Listing Rules).

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

Pursuant to the Equity Transfer Agreement, UIHIL agreed to dispose of, and the Purchaser agreed to acquire, the Sale Interest. The Sale Interest represents the entire equity interest in U Inns Jinggangshan.

### **Consideration**

The consideration for the Sale Interest is RMB50.0 million (equivalent to HK\$64.0 million) and shall be payable in cash by the Purchaser to UIHIL in the following manner:

- (i) 50% of the consideration in the amount of RMB25.0 million (equivalent to HK\$32.0 million) shall be satisfied on the date of obtaining the approvals of the Disposal from relevant PRC government authorities including tax clearance and foreign exchange remittance; and
- (ii) the remaining balance of the consideration in the amount of RMB25.0 million (equivalent to HK\$32.0 million) shall be satisfied on the date of obtaining the letter of acknowledgement of change in shareholding of U Inns Jinggangshan from the relevant office for Administration for Industry and Commerce in the PRC.

The consideration for the Sale Interest was determined after arm's length negotiations between UIHIL and the Purchaser with reference to the unaudited net asset value of U Inns Jingtangshan as at 30 November 2013 of approximately RMB39.3 million (equivalent to approximately HK\$50.3 million) and the market value of the Hotel Property as at 30 September 2013 of RMB50.5 million (equivalent to approximately HK\$64.6 million) as assessed by an independent professional valuer. The net asset value of U Inns Jingtangshan as at 30 November 2013 as adjusted by the aforesaid market value of the Hotel Property would amount to approximately RMB57.9 million (equivalent to approximately HK\$74.1 million). The consideration for the Sale Interest represents a discount to the aforesaid adjusted net asset value of U Inns Jingtangshan, and was the highest bid price identified by UIHIL as at the date of the Equity Transfer Agreement.

### **Other terms**

Pursuant to the Equity Transfer Agreement, UIHIL shall repay the entire inter-company debt owed by UIHIL to U Inns Jingtangshan in the amount of approximately RMB7.0 million (equivalent to approximately HK\$9.0 million) within five days of signing of the Equity Transfer Agreement.

Upon signing of the Equity Transfer Agreement, a deposit in the amount of RMB2.0 million (equivalent to approximately HK\$2.6 million) (the "**Deposit**") has been paid by the Purchaser to UIHIL. Upon the receipt of the full settlement of the consideration for the Sale Interest and the completion of handover of the Hotel Property to the Purchaser, UIHIL shall refund the Deposit to the Purchaser.

## **Completion**

The Equity Transfer Agreement is subject to the approval and consent of the relevant government authorities in the PRC. In the event that the consent from the relevant government authorities on the Disposal is not obtained, the Equity Transfer Agreement shall cease and terminate, and UIHIL shall refund to the Purchaser all sums paid by him to UIHIL under the Equity Transfer Agreement (including the Deposit). If the Equity Transfer Agreement is not completed due to the default of UIHIL, UIHIL shall refund to the Purchaser all sums paid by him to UIHIL under the Equity Transfer Agreement (including the Deposit) together with 20% of the consideration for the Sale Interest as compensation. If the Equity Transfer Agreement is not completed due to the default of the Purchaser, the Purchaser shall pay 20% of the consideration for the Sale Interest as compensation plus any direct losses incurred by UIHIL in connection with the default in excess of the aforesaid compensation amount, and the Deposit shall be forfeited by the Purchaser in favor of UIHIL.

Upon the receipt of the full settlement of the consideration for the Sale Interest, UIHIL shall handover the Hotel Property to the Purchaser.

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

## **INFORMATION ON U INNS JINGGANGSHAN**

U Inns Jinggangshan is principally engaged in hotel investments in the PRC and its principal asset is the Hotel Property located in Jinggangshan City, Jiangxi Province, the PRC. The Hotel Property has a gross floor area of approximately 9,125 square metres and has not commenced hotel operations. Based on the unaudited financial statements of U Inns Jinggangshan, U Inns Jinggangshan recorded net loss (both before and after taxation) of approximately RMB0.8 million (equivalent to approximately HK\$1.0 million) for the year ended 31 March 2012 and net loss (both before and after taxation) of approximately RMB0.7 million (equivalent to approximately HK\$0.9 million) for the year ended 31 March 2013. The unaudited net asset value of U Inns Jinggangshan as at 30 November 2013 amounted to approximately RMB39.3 million (equivalent to approximately HK\$50.3 million). The net asset value of U Inns Jinggangshan as at 30 November 2013 as adjusted by the market value of the Hotel Property as at 30 September 2013 of RMB50.5 million (equivalent to approximately HK\$64.6 million) as assessed by an independent professional valuer would amount to approximately RMB57.9 million (equivalent to approximately HK\$74.1 million).

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

Based on the unaudited net asset value of U Inns Jinggangshan as at 30 November 2013 of approximately RMB39.3 million (equivalent to approximately HK\$50.3 million), it is estimated that the Company will realise a gain from the Disposal of approximately RMB7.8 million (equivalent to approximately HK\$10.0 million), being the difference between the consideration for the Sale Interest and the unaudited net asset value of U Inns Jinggangshan as at 30 November 2013 after deducting taxes and expenses directly attributable thereto.

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

The Group is engaged in hotel investment and operations, and property investment. With a view to optimising its hotel investment business, the Group has been restructuring its hotel property portfolio by disposing its interests in certain hotel properties and developing its remaining hotel properties into budget hotels or commercial offices for leasing, sales or outright sales if and when appropriate. The Disposal is in line with the business strategy of the Group.

In view of the uncertainty in the property market in the PRC under tightening government policies and given that the consideration for the Sale Interest was the highest bid price identified by UIHIL as at the date of the Equity Transfer Agreement, the Directors consider that the consideration for the Sale Interest which is at a discount to the adjusted net asset value of U Inns Jingtangshan as at 30 November 2013 is fair and reasonable.

The net proceeds from the Disposal, after deducting taxes and expenses directly attributable thereto and repayment of inter-company debt owed by UIHIL to U Inns Jingtangshan, are estimated to be approximately RMB40.1 million (equivalent to approximately HK\$51.3 million). The Group intends to apply the aforesaid net proceeds as its general working capital and/or partial settlement of loans.

Taking into account of the expected gain to be realised and the positive cash flow to be generated from the Disposal, the Directors consider that the terms of the Equity Transfer Agreement are on normal commercial terms and 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 exceed 5% but are 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)
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Interest by UIHIL to the Purchaser pursuant to the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 22 January 2014 entered into between UIHIL and the Purchaser in respect of the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel Property”	the hotel property located in Jinggangshan City, Jiangxi Province, the PRC and owned by U Inns Jinggangshan
“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. Liu Xiong
“Sale Interest”	the entire equity interest in U Inns Jinggangshan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U Inns Jinggangshan”	你的客棧（井岡山市）酒店管理有限公司（“U” Inns & Hotel (Jinggangshan) Hotel Management 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 Equity 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*

22 January 2014

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\$1.28. 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*