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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **VXL Capital Limited**, you should at once hand this circular to the purchaser or the transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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 TRANSACTION**

### **DISPOSAL OF 100% OF EQUITY INTEREST IN VXL FINANCIAL SERVICES LIMITED**

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# CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction.....	3
The Agreement.....	4
Information on VXLFS.....	5
Reasons for the Disposal and use of proceeds.....	5
Financial effects of the Disposal on the Group .....	6
Financial and trading prospect of the Group .....	6
Procedures for demanding a poll .....	6
Additional information .....	7
<b>Appendix I – Financial information of the Group</b> .....	8
<b>Appendix II – General information</b> .....	10

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Agreement”	the conditional agreement dated 18 May 2007 entered into between the Company and Ms. Leung in relation to the Disposal
“Balance”	90% of the total consideration in the amount of HK\$9,900,000
“Board”	the board of Directors of the Company
“Business Day”	a day on which licensed bank in Hong Kong are open for business (other than any Saturday, Sunday or gazetted public holiday in Hong Kong)
“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
“Completion”	completion of the Agreement
“Completion Date”	2 Business Days after fulfilment or waiver of all the conditions precedent
“Deposit”	10% of the total consideration in the amount of HK\$1,100,000
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares under the Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	5 June, 2007 being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	parties to the Agreement, including the Company and Ms. Leung
“PRC”	the People’s Republic of China which for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser” or “Ms. Leung”	Leung Mei Han

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## DEFINITIONS

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“Sale Shares”	10,000,000 ordinary shares of HK\$1.00 each in the issued share capital of VXLFS, representing the entire issued share capital of VXLFS
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VXLFS”	VXL Financial Services Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company prior to Completion
“%”	per cent.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Datuk LIM Chee Wah

Mr. Percy ARCHAMBAUD-CHAO

Ms. Patsy SO Ying Chi

*Registered office:*

Suite 2707-8, One Exchange Square

8 Connaught Place

Central

Hong Kong

*Independent non-executive Directors:*

Mr. Michael YEE Kim Shing

Mr. Alan Howard SMITH, *J.P.*

Dr. Allen LEE Peng Fei, *J.P.*

Mr. David YU Hon To

8 June 2007

*To the Shareholders*

Dear Sir or Madam,

### MAJOR TRANSACTION

#### DISPOSAL OF 100% OF EQUITY INTEREST IN VXL FINANCIAL SERVICES LIMITED

#### INTRODUCTION

After trading hours on 18 May 2007, the Company entered into the Agreement with the Purchaser, pursuant to which the Company agreed to sell and the Purchaser agreed to purchase the Sale Shares for a consideration of HK\$11,000,000 to be satisfied by the payment of the Deposit upon signing of the Agreement and the Balance on the Completion Date.

The Disposal constitutes a major transaction under Chapter 14 of the Listing Rules as certain of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are more than 25% but less than 75%. The Disposal is therefore subject to the requirements of reporting, announcement and Shareholders' approval at general meeting under Chapter 14 of the Listing Rules. On the basis that (i) none of the Shareholders has material interest in the transaction contemplated under the Agreement and is required to abstain from voting on the relevant resolution if the Company convenes a general meeting to approve the Disposal; and (ii) a written shareholder's approval has been obtained from VXL Capital Partners Corporation Limited, the controlling Shareholder which holds approximately 50.35% of the issued shares of the Company as at the Latest Practicable Date, for the approval of the Disposal, the Shareholders' approval by way of a resolution passed at a general meeting of the Company is not required pursuant to Rule 14.44 of the Listing Rules.

The purpose of this circular is to provide you with further information relating to the Disposal.

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## LETTER FROM THE BOARD

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### THE AGREEMENT

**Date:** 18 May 2007

**Parties:**

Vendor: The Company

Purchaser: Leung Mei Han

Ms. Leung is a consultant to VXLFS since 1 May 2007. She has over 22 years' experience in accounting, securities, corporate finance and related areas. Prior to joining VXLFS, she has been engaged in corporate finance advisory business for 18 years. She is currently an independent non-executive director of Bossini International Holdings Limited (stock code: 592), Four Seas Mercantile Holdings Limited (stock code: 374) and Yue Da Holdings Limited (stock code: 629), the shares of which are listed on the Main Board of the Stock Exchange.

Ms. Leung has not been involved in any previous transaction with the Group which requires aggregation under Rule 14.22 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, saved as disclosed above, Ms. Leung is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

**Assets to be disposed of:**

Pursuant to the Agreement, the Company agreed to sell and the Purchaser agreed to purchase the Sale Shares free from all liens, charges and encumbrances and together with all rights now or thereafter attaching thereto.

**Consideration:**

The total consideration for the Disposal of HK\$11,000,000 payable by the Purchaser to the Company will be satisfied by payment of the Deposit equal to 10% of the consideration upon signing of the Agreement and the Balance on the Completion Date. Such consideration was arrived at after arm's length negotiations between the Parties by reference to the Company's undertaking on the net tangible asset value of VXLFS as at Completion of not less than HK\$10 million. VXLFS has a paid up capital of HK\$10 million. However, due to the past operating losses incurred by VXLFS, the net asset value of VXLFS has fallen to below its paid up capital. The Company has, for the purpose of previous application by VXLFS for admission to the list of GEM sponsors under previous GEM Listing Rules, provided a corporate guarantee to the Stock Exchange to guarantee the due and punctual payment of the liabilities of VXLFS up to an aggregate amount of HK\$10 million. Prior to Completion, the Company will restore the net asset value of VXLFS to not less than HK\$10 million and the corporate guarantee will be withdrawn. Should the Company fail to meet the undertaking, the Purchaser may rescind the Agreement and the Deposit will be refunded to the Purchaser without interest. The Company will make further announcement, if necessary, in relation to the aforesaid matters in accordance with the requirements of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms for the Disposal are fair and reasonable insofar as the Company is concerned and in the interests of the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### Conditions:

Completion is subject to the fulfillment or waiver of the following conditions on or before 31 July 2007:

- (i) the approval of the sale of the Sale Shares and the entering into of the Agreement by the Board and Shareholders of the Company, if so required, by way of resolutions;
- (ii) all necessary prior written consents and approvals having been obtained by VXLFS and the Parties for the sale of the Sale Shares and all matters in connection therewith including but not limited to the approval of the Securities and Futures Commission to the Purchaser's becoming a substantial shareholder of VXLFS pursuant to the SFO; and
- (iii) the Purchaser completing a review of the financial, trading and legal position of VXLFS and such review not revealing any breach of the representations, warranties or undertakings of the Company in respect of VXLFS.

The Purchaser may waive the above condition numbered (iii) at any time by written notice to the Company before Completion. As at the Latest Practicable Date, only condition (i) has been fulfilled.

### Completion:

Subject to the fulfillment or waiver of all the conditions set out above, Completion shall take place on the second Business Day after the fulfillment or waiver of the conditions precedent. Upon Completion, the Company will cease to hold any interests in VXLFS.

### INFORMATION ON VXLFS

VXLFS was incorporated in 1989. The principal activity of VXLFS is the provision of corporate finance and advisory services. VXLFS holds a type 6 licence for regulated activities under the SFO. As at the Latest Practicable Date, the assets of VXLFS comprise mainly account and other receivables and cash and bank balances. Set out below are the financial information of VXLFS, prepared under the Hong Kong Financial Reporting Standards, for the twelve months ended 31 December 2006 and the two financial years ended 31 December 2004 and 31 December 2005 respectively:

	<b>For the twelve months ended 31 December 2006 (unaudited) HK\$ million</b>	<b>For the financial year ended 31 December 2005 (audited) HK\$ million</b>	<b>31 December 2004 (audited) HK\$ million</b>
Profit/(Loss) before taxation	0.07	(3.64)	(0.73)
Profit/(Loss) after taxation	0.07	(3.64)	(0.72)
Net asset value	1.62	1.55	5.19

Based on the Company's undertaking on the net tangible asset value of VXLFS as at Completion of not less than HK\$10 million, it is estimated that the Group will record a gain of approximately HK\$1 million as a result of the Disposal. Following Completion, the Company will cease to hold any interests in VXLFS.

### REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

The Group is principally engaged in property investment, financial services and securities investment. Following Completion, the Group will discontinue its operation in financial services while the operation in property investment and securities investment will continue. The assets of the Group following Completion

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## LETTER FROM THE BOARD

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mainly comprise investment properties in Hong Kong and the PRC. The Disposal provides additional funds for the Group's property projects and also enable the Group to focus its resources on the core business of property related investment. Saved as disclosed above, the principal business of the Group will remain unchanged upon Completion. As at the Latest Practicable Date, the Company has not identified any specific investment project. The proceeds from the Disposal will be used as general working capital of the Group.

The terms of the Disposal have been determined based on arm's length negotiation between the Parties. The Directors (including the independent non-executive Directors) consider the terms of the Disposal and the Disposal itself to be on normal commercial terms which are fair and reasonable so far as the Company and the Shareholders are concerned and that the Disposal is in the best interests of the Company and the Shareholders as a whole.

### **FINANCIAL EFFECTS OF THE DISPOSAL ON THE GROUP**

Upon Completion, the Group is expected to recognise a gain of approximately HK\$1 million, based on the Company's undertaking on the net tangible asset value of VXLFS as at Completion of not less than HK\$10 million. The total assets and net assets of the Group are expected to increase by approximately HK\$1 million as a result of the Disposal. On the basis that the total liabilities of VXLFS, which amounted to HK\$0.4 million as at 31 March 2007, are expected to be settled before Completion, the Disposal will not have a material impact on the total liabilities of the Group.

### **FINANCIAL AND TRADING PROSPECT OF THE GROUP**

As stated in the second interim report of the Company for the twelve months ended 31 December 2006, the Group's diversified business portfolio started to generate recurring income during the twelve months ended 31 December 2006, and is expected to continue to contribute to the Group's consistent growth. Upon Completion, the Group will continue to focus on its core business of property related investment and the Group plans to enlarge its property related investment coverage in the PRC. Through acquisition, the Group would further expand its property asset base in order to diversify its principal income sources from Hong Kong to major cities in the PRC. The Group has been expanding its property asset portfolio in the PRC. Having laid foundation on recurring income streams, the Group will proactively move on to "Concept Development" projects in line with its long-term mission.

### **PROCEDURES FOR DEMANDING A POLL**

Article 89 of the articles of association of the Company sets out the procedures by which the Shareholders may demand a poll.

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:

- (a) by the Chairman; or
- (b) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the further information contained in the appendices to this circular.

Yours faithfully  
By order of the Board  
**Percy ARCHAMBAUD-CHAO**  
*Chief Executive Officer*

**1. INDEBTEDNESS****Borrowings**

As at 30 April 2007, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of HK\$229,402,500, which comprise the following:

	HK\$
Bank loan repayable	
Within one year	4,000,000
Between one and two years	4,000,000
Between two and five years	92,000,000
	<u>100,000,000</u>
Other loan repayable	
Within one year	<u>129,000,000</u>
Finance lease obligations	
Within one year	345,000
Between one and two years	57,500
	<u>402,500</u>
	<u><u>229,402,500</u></u>

Bank loan in the amount of HK\$100,000,000 is secured over an investment property of the Group with a carrying value of HK\$143,000,000 as at 31 December 2006. The net book value of the Group's motor vehicle held under the finance lease amounted to approximately HK\$793,643 as at 31 December 2006.

**Contingent liabilities**

The Company has, for the purpose of previous application by VXLFS for admission to the list of GEM sponsors under previous GEM Listing Rules, provided a corporate guarantee to the Stock Exchange to guarantee the due and punctual payment of the liabilities of VXLFS up to an aggregate amount of HK\$10 million. Prior to Completion, the corporate guarantee will be withdrawn.

**Disclaimer**

Saved as disclosed above, as at the close of business on 30 April 2007, the Group did not have any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or other similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities.

**2. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that, based on the available banking facilities, loans obtained and to be obtained from the controlling Shareholder and bank and the internal resources of the Group, the Group has sufficient working capital for its present requirements and for the period ending twelve months from the date of this circular.

**3. MATERIAL ADVERSE CHANGE**

The Directors are not aware, as at the Latest Practicable Date, of any material adverse change in the financial or trading position of the Group since 31 December 2005, the date to which the latest published audited financial statements of the Company were made up.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

## 2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of each Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### Interests of the Directors in Shares and underlying Shares of the Company

Name of the Director	Long position in Shares	Nature of interests	Approximate percentage of the total issued share capital (%)
Datuk LIM Chee Wah ("Datuk Lim")	53,465,400 <sup>(1)</sup>	Interest through a controlled corporation	69.98
Mr. Percy ARCHAMBAUD-CHAO ("Mr. A. Chao")	15,000,000 <sup>(2)</sup>	Interest through a controlled corporation	19.63

*Notes:*

- The corporate interests in these Shares are held through VXL Capital Partners Corporation Limited ("VXLCPL"), a company wholly and beneficially owned by Datuk Lim. The interests in 53,465,400 Shares comprises 38,465,400 Shares which are beneficially owned by VXLCPL and 15,000,000 Shares which are deemed to be held by VXLCPL as security interests. The 15,000,000 Shares are duplicated with that of Mr. A. Chao as shown in note 2 below and those shown in note 2 of the section headed "Substantial Shareholders' Interests in Securities" hereinafter.
- The corporate interests in these Shares are held through Huge More Limited, a company wholly and beneficially owned by Mr. A. Chao. The interests in the 15,000,000 Shares are duplicated with security interest of Datuk Lim shown in note 1 above and those shown in note 2 of the section headed "Substantial Shareholders' Interests in Securities" hereinafter.

**Interests of the Directors in shares and underlying shares of other associated corporations of the Company**

<b>Name of the Director</b>	<b>Name of associated corporation</b>	<b>Nature of interests</b>	<b>Number of shares held</b>	<b>Percentage of the total issued share (%)</b>
Datuk Lim	Million Sky Investments Limited	Interest through a controlled corporation	55 ordinary shares (note)	55.00

*Note:* The corporate interests in these shares are held through VXLCP, a company wholly and beneficially owned by Datuk Lim.

Save as disclosed above, as at the Latest Practicable Date, none of the Director or the chief executive of the Company, had any interest or short positions in the Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange.

### 3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, so far as was known to the Directors or the chief executive of the Company, the following persons (not being a Director or the chief executive of the Company) had an interest or short position in the Shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any options in respect of such capital:

<b>Name of Shareholder</b>	<b>Long position in Shares</b>	<b>Nature of interests</b>	<b>Approximate percentage of total issued Shares(%)</b>
VXL Capital Partners Corporation Limited ("VXLCP")	38,465,400 <sup>(1)</sup>	Beneficial interests	50.35
	15,000,000 <sup>(2)</sup>	Security interests	19.63
Huge More Limited	15,000,000 <sup>(2)</sup>	Interests through a controlled corporation	19.63

*Notes:*

- These Shares are beneficially owned by VXLCP, a company wholly and beneficially owned by Datuk Lim.
- These Shares are beneficially owned by Huge More Limited, a company wholly and beneficially owned by Mr. A. Chao and in which VXLCP has a security interest in the entire issued share capital. The interests in the 15,000,000 Shares are duplicated among themselves and those shown in notes 1 and 2 of the section headed "Directors' and Chief Executive's Interests in Securities" above.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or the chief executive of the Company, no other persons (not being a Director or the chief executive of the Company) had an interest or short position in the Shares and underlying Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was, directly or indirectly, interested in 10% or more of the normal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any options in respect of such capital.

#### 4. MATERIAL CONTRACTS

Save as disclosed below, no material contracts (not being contracts entered into in the ordinary course of business carried out by the Group) have been entered into by any member of the Group within the two years preceding the date of this circular:

- (a) the offer letter dated 10 June 2005 for the sale and purchase of the property (the “Property”) situated at 112 Chun Yeung Street, North Point, Hong Kong entered into between Arrow Star Investment Limited (“Arrow Star”), a wholly-owned subsidiary of the Company, and Kinco Investment Holding Limited (“Kinco”) (*note 1*);
- (b) the formal sale and purchase agreement dated 23 June 2005 entered into between Arrow Star and Kinco whereby Arrow Star agreed to purchase the Property from Kinco for a consideration of HK\$110 million (*note 1*);
- (c) the joint venture agreement dated 8 December 2005 entered into among Fullbrim Limited, Cruise City (BVI) Limited, Grand Boom Investments Limited (a wholly-owned subsidiary of the Company), Nan Fung Development Limited, Star Cruises Asia Holding Limited, the Company, Cruise City Holdings Limited (formerly known as “Shine Pacific Investments Limited”) and Cruise City (Hong Kong) Limited (formerly known as “Proteam Services Limited”) for the formation of a joint venture company, pursuant to which the Company agreed to inject share capital and shareholder’s loan in the amount of US\$30 (equivalent to approximately HK\$234) and HK\$2,999,767.5 respectively into the joint venture company (*note 2*);
- (d) a sale and purchase agreement dated 7 March 2006 entered into between VXL Properties Holdings Limited (“VXL Properties”), a wholly-owned subsidiary of the Company, Ms Yeung Pui Shan (“Ms. Yeung”) and Rich Field International Limited (“Rich Field”), pursuant to which VXL Properties agreed to purchase the entire issued capital of Rich Field and to make certain loans (the “Loan”) to Rich Field; which has been superseded by the revised agreement dated 26 May 2006 referred in (k) below (*note 3*);
- (e) a share charge dated 7 March 2006 given by Mr. Yeung and Rich Field in favour of VXL Properties whereby Ms. Yeung as chargor charged to VXL Properties as chargee by way of a first fixed charge, as continuing security for the discharge of Ms. Yeung’s obligations under the agreement dated 7 March 2006 referred to under (d) above, the one share in Rich Field together with all further shares, warrants, securities, dividends and other distributions, rights, money or property accruing, paid, offered or deriving therefrom or in respect thereof; which has been superseded by the share charge referred in (l) below (*note 3*);
- (f) a deed of charge dated 7 March 2006 given by Rich Field in favour of VXL Properties whereby Rich Field charged to VXL Properties (i) a first floating charge over all book debts and other debts and the proceeds of realization thereof and all monies whatsoever for the time being due, owing or payable to Rich Field, and the benefit of any security interests and securities for the time being held by Rich Field in respect of any such debts or monies; and (ii) a first fixed charge over 2 shares of Daily Right Limited (“Daily Right”) registered in the name of Rich Field, being the entire issued share capital of Daily Right, as security for the Loan (*note 3*);
- (g) a memorandum of understanding dated 27 December 2005 (as amended and supplemented on 5 March, 8 May and 10 August 2006) among Daily Right, Moral High Limited (“Moral High”), a wholly-owned subsidiary of Daily Right, 上海宏偉房地產開發有限公司 (Shanghai Hongwei Property Development Company Limited, “Hongwei”) and (in respect of the supplemental memorandum dated 10 August 2006 only) 峻領德高商業發展(上海)有限公司 (Peak Moral High Commercial Development (Shanghai) Company Limited, “Peak Moral”), a wholly foreign-owned enterprise established in the PRC held by Moral High (*note 3*);
- (h) a sale and purchase contract dated 25 February 2006 (as amended and supplemented on 4 March, 5 March and 8 May 2006) entered into between Hongwei and Moral High in respect of the property situated at 長壽商業廣場 (Changshou Commercial Plaza\*) with address known as 上海普陀區陝西北路《長壽商業廣場C樓商場》1347, 1351, 1355, 1359, 1363, 1367, 1371, 1379, 1383號1層1-6層室 (No. 1347, 1351, 1355, 1359, 1363, 1367, 1371, 1379, 1383, Level 1 to Level 6, Block C, Changshou Commercial Plaza Block, Xian Xi Bei Road, Putuo Area, Shanghai) (the “South Block”); which has been superseded by the agreement referred in (o) below (*note 3*);

- (i) a sale and purchase contract dated 27 February 2006 together with its supplemental terms, as superseded by six property sale contracts all dated 5 March 2006, entered into between Hongwei and Moral High in respect of the sale and purchase of the property situated at 長壽商業廣場 (Changshou Commercial Plaza) with address known as 上海普陀區長壽路《長壽商業廣場(北塊)》幢155(號)1-6層室 (No. 155, Level 1 to Level 6, Changshou Commercial Plaza (North Block), Changshou Road, Putuo Area, Shanghai\*) (the "North Block"); which has been superseded by the contracts referred in (p) below (*note 3*);
- (j) a guarantee undertaking dated 27 February 2006 given by 上海強生置業有限公司 (Shanghai Qiangsheng Property Company Limited) in favour of Moral High guaranteeing the due performance of Hongwei under the sale and purchase contracts referred in (h) and (i) above (*note 3*);
- (k) a revised agreement dated 26 May 2006 (as supplemented by an agreement dated 21 June 2006) entered into among Rich Field, Ms. Yeung, VXL Properties, the Company and Benefitway Investments Limited in relation to the sale by Ms. Yeung and purchase by each of VXL Properties and Benefitway Investments Limited of 50% of the issued share capital of Rich Filed, which agreement has lapsed (*note 4*);
- (l) a share charge dated 26 May 2006 executed by Ms. Yeung and Rich Field in favour of VXL Properties charging two issued shares of US\$1.00 each in the capital of Rich Field (representing the entire issued share capital of Rich Field) to VXL Properties to secure repayment of the Loan and all other monies owing by Rich Field to VXL Properties from time to time; which is supplemented by the supplemental share charge referred in (n) below (*note 4*);
- (m) a second revised agreement dated 3 August 2006 entered into among Rich Field, VXL Properties and Ms. Yeung in relation to the sale and purchase of two issued shares of US\$1.00 each in the capital of Rich Field, representing the entire issued share capital of Rich Field (*note 5*);
- (n) a supplemental share charge dated 3 August 2006 executed among Ms. Yeung, Rich Field and VXL Properties to amend the share charge dated 26 May 2006 referred in (l) above (*note 5*);
- (o) a sale and purchase contract dated 15 August 2006 entered into between Hongwei and Peak Moral in respect of the South Block (*note 5*);
- (p) six property sale contracts all dated 15 August 2006 entered into between Hongwei and Peak Moral in respect of the sale and purchase of the North Block (*note 5*);
- (q) a guarantee undertaking dated 15 August 2006 given by 上海華揚賽利實業發展有限公司 (Shanghai Huayang Saili Enterprise Development Company Limited\*) in favour of Peak Moral guaranteeing the due performance of Hongwei under the sale and purchase contracts referred in (o) and (p) above (*note 5*);
- (r) a conditional agreement dated 9 October 2006 entered into between VXL Investments Holdings Limited ("VXL Investments"), a wholly-owned subsidiary of the Company, and VXL CPL, the controlling shareholder holding approximately 53.42% of the then issued Shares of the Company, whereby the Group agreed to dispose of 55% of the issued shares of and shareholder's loan due from Million Sky Investments Limited ("Million Sky") to VXL CPL for an aggregate consideration of HK\$42,070,665.45 (*note 6*);
- (s) a Placing and Subscription Agreement dated 13 November 2006 entered into among the Company, VXL CPL and Celestial Capital Limited ("Placing Agent") in relation to the placing of a maximum of 4,400,000 Shares then existed by VXL CPL through the Placing Agent to independent placees and the subscription by VXL CPL of new Shares for such number of existing Shares placed (*note 7*);
- (t) a sale and purchase contract dated 30 January 2007 entered into between Hongwei and Peak Moral in respect of the sale and purchase of the property situated at 長壽商業廣場 (Changshou Commercial Plaza) with address known as 上海普陀區長壽路175號《長壽商業廣場》1層底層室 (Ground Level, Changshou Commercial Plaza, No.175 Changshou Road, Putuo Area, Shanghai) (*note 5*);

- (u) a sale and purchase contract dated 30 January 2007 entered into between Hongwei and Peak Moral in respect of the sale and purchase of the property situated at 長壽商業廣場 (Changshou Commercial Plaza) with address known as 上海普陀區長壽路179號《長壽商業廣場》1層底層室 (Ground Level, Changshou Commercial Plaza, No.179 Changshou Road, Putuo Area, Shanghai) (note 5); and
- (v) The Agreement.

*Notes*

1. Details of the contract(s) were disclosed in the Company's announcements dated 14 June 2005, 6 July 2005, 1 August 2005, 22 August 2005 and 23 August 2005 and circular dated 23 August 2005.
2. Details of the contract(s) were disclosed in the Company's announcement dated 21 December 2005.
3. Details of the contract(s) were disclosed in the Company's announcements dated 9 March 2006, 31 March 2006 and 28 April 2006 and circular dated 23 June 2006.
4. Details of the contract(s) were disclosed in the Company's announcements dated 1 June 2006 and 27 July 2006 and circular dated 23 June 2006.
5. Details of the contract(s) were disclosed in the Company's announcement dated 3 August 2006 and circular dated 25 August 2006.
6. Details of the contract(s) were disclosed in the Company's announcements dated 9 October 2006, 27 October 2006, 14 November 2006 and 15 November 2006 and circular dated 27 October 2006.
7. Details of the contract(s) were disclosed in the Company's announcements dated 13 November 2006 and 24 November 2006.

\* *For identification purpose only*

## 5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## 6. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which did not expire or was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## 7. CONTRACTS OR ARRANGEMENTS AND COMPETING BUSINESSES

As set out in the announcement of the Company dated 15 May 2006, VXL Management Services Limited entered into a tenancy agreement with Smart Forward Investment Limited, a direct wholly and beneficially owned corporation of Datuk Lim, the Chairman and executive Director, on 15 May 2006 to lease the premises at Flat B, 56th Floor, Tower 1 and car parking No. 1-224 on 1st Floor, The Harbourside, No. 1 Austin Road West, Kowloon, Hong Kong, for a term of two years commencing from 15 May 2006 at a rental of HK\$55,000 per month. The premises are used as housing accommodation for staff or guests of the Company.

As set out in the announcement dated 9 October 2006 and circular to shareholders dated 27 October 2006, VXL Investments, a wholly-owned subsidiary of the Company, entered into an agreement on 9 October 2006 whereby the Group agreed to dispose of 55% of the issued shares of and shareholder's loan due from Million Sky to VXL CPL for an aggregate consideration of HK\$42,070,665.45. The principal asset of Million Sky is an investment in the entire equity interests in VXL Leasing Co., Ltd., a wholly foreign owned enterprise incorporated in the PRC which is principally engaged in operational leasing and financial leasing of various types of machinery and equipment in the PRC. Following completion of the disposal, the Group continues to hold 45% equity interests in Million Sky.

Save as disclosed above, none of the Directors was materially interested in any contracts or arrangements subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2005 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors and his/her associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group.

#### **8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at Suite 2707-8, One Exchange Square, 8 Connaught Place, Central, Hong Kong, from the date of this circular and up to and including 25 June 2007:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (c) the annual reports of the Company for each of the two years ended 31 December 2004 and 2005;
- (d) the interim report of the Company for the six months ended 30 June 2006;
- (e) the interim report of the Company for the twelve months ended 31 December 2006;
- (f) a copy each of the circulars issued by the Company pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules since 31 December 2005 (being the date to which the latest published audited consolidated financial statements of the Group were made up); and
- (g) this circular.

#### **9. MISCELLANEOUS**

- (a) As at the Latest Practicable Date, the Board comprises seven Directors, of whom Datuk LIM Chee Wah, Mr. Percy ARCHAMBAUD-CHAO and Ms. Patsy SO Ying Chi are executive Directors, and Mr. Michael YEE Kim Shing, Mr. Alan Howard SMITH, *J.P.*, Dr. Allen LEE Peng Fei, *J.P.* and *Mr. David YU Hon To* are independent non-executive Directors.
- (b) The company secretary of the Company is Ms. Ada MAK Yuk Ling. She is an associate member of The Hong Kong Institute of Chartered Secretaries.
- (c) The qualified accountant of the Company is Ms. YAU Yue Ka. She is an associate member of The Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.
- (d) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The registered office of the Company is situated at Suite 2707-8, One Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (f) The English texts of this circular prevail over the Chinese texts.