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MEXAN LIMITED

茂盛控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 22)

**ANNOUNCEMENT OF INVESTIGATION RESULT
IN RESPECT OF CONCENTRATION OF PUBLIC FLOAT**

The Board was informed by the Stock Exchange on 30 March 2004 that the Stock Exchange had received information from the SFC that as at 3 March 2004, there might be a high concentration of public float in the hands of a limited number of shareholders. The Company made an announcement relating to concentration of public float on 8 April 2004 to disclose the interests of the Directors and the controlling shareholder and to keep the market promptly informed of this circumstance. In light of the notification from the Stock Exchange, the Company has conducted an investigation under Section 329 of the SFO to establish the identities of its shareholders and their respective shareholdings in the Company. The Investigation has now been completed.

Based on the responses received on the Investigation, the Board notes that (i) on 3 March 2004 a total of 973,548,303 Shares, representing approximately 74.27% of the Company's total issued share capital were held by its controlling shareholder and a Director and (ii) the other top 15 shareholders as identified from the Investigation, who were independent of, and not connected with the chief executive, directors and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates, were interested in Shares representing approximately 3.29%, 2.29%, 2.06%, 1.56%, 1.53%, 1.31%, 1.22%, 1.14%, 1.10%,

1.07%, 0.79%, 0.76%, 0.56%, 0.46% and 0.46% of the total issued share capital of the Company respectively, as at 3 March 2004. The aggregate shareholding of these 15 shareholders (other than the controlling shareholder and a Director) amounted to approximately 19.60% of the total issued share capital of the Company.

Based on the responses to the Notification Letters in the course of the Investigation, the information available to the Company and the confirmation received from all the directors of the Company and its subsidiaries, the Board confirms that as at 3 March 2004 approximately 25.73% of the total issued shares capital was held in public hands and the Company is in compliance with Rules 8.08(1) and 13.32 of the Listing Rules.

Given the concentration of public float of the Company in the hands of a limited number of shareholders as at 3 March 2004, the Company hereby makes the announcement to keep the market promptly informed of this circumstance.

Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

The board (the “Board”) of directors of the Company (the “Directors”) was informed by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 30 March 2004 that the Stock Exchange had received information from the Securities and Futures Commission (the “SFC”) that as at 3 March 2004, there might be a high concentration of the issued share capital of the Company (the “Shares”) held by 15 shareholders of the Company holding approximately 255.2 million Shares representing approximately 19.46% of the Company’s total issued share capital, with possibly only less than 6.27% of the Company’s total issued share capital held by the public. Therefore, the Company made an announcement relating to concentration of public float on 8 April 2004 to disclose the interests of the controlling shareholder of the Company and a Director and to keep the market promptly informed of this circumstance. In light of the notification from the Stock Exchange, the Company has conducted an investigation under Section 329 of the Securities and Futures Ordinance (Chapter 571 of the Laws

of Hong Kong) (the “SFO”) to establish the identities of its shareholders and their respective shareholdings in the Company (the “Investigation”). The Investigation has now been completed.

The Company issued relevant notification letters (the “Notification Letters”) to relevant persons under Section 329 of the SFO comprised of, as at 3 March 2004, the Company’s (i) individual shareholders holding more than 5% of the total issued share capital of the Company and (ii) corporate shareholders holding 10,000 Shares or more, as appeared on the register of members of the Company as at 3 March 2004 and the CCASS participants shareholding reports as at 3 and 5 March 2004 whose Shares are registered in the name of HKSCC Nominees Limited under the Central Clearing and Settlement System (the “CCASS”) and (iii) corporate shareholders identified from the Investigation, to establish the identities of the shareholders and their respective shareholdings in the Company.

As at 8 June 2004, out of the 193 Notification Letters were sent to shareholders holding Shares, representing approximately 98.90% of the total issued share capital of the Company, 104 replies from shareholders holding Shares, representing approximately 97.80% of the total issued share capital of the Company were received, 89 Notification Letters to shareholders holding Shares, representing approximately 1.10% of the total issued share capital of the Company were either undelivered or unresponded.

The Company has also conducted an internal enquiry by sending Notification Letters and confirmation letters to all the directors of the Company and its subsidiaries as part of the Investigation. Each of the directors of the Company and its subsidiaries confirmed, save as disclosed herein, and according to the information available to the Company, that:–

- (i) no other Directors or any of their respective associates (as defined in Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”)), has any direct or indirect interest in any Shares which are notifiable under the SFO;

- (ii) none of the beneficial and/or registered shareholders holding 10,000 Shares or more as at 3 March 2004, appeared on the Company's register of members provided by the Company's branch share registrar, the CCASS participants shareholding report provided by Hong Kong Securities Clearing Company Limited and findings from the Investigation, were the associates of the Directors; and
- (iii) they are not aware of any person who is directly or indirectly entitled to exercise more than 10% of the voting rights at general meetings of the Company.

Based on the responses received on the Investigation, the Board notes that on 3 March 2004 a total of 973,548,303 Shares, representing approximately 74.27% of the Company's total issued share capital, were held by its controlling shareholder, Mexan Group Limited (a company wholly owned by Mr. Lau Kan Shan, the Chairman of the Company) and a Director, Mr. Yan Sheng. The holding of each of the controlling shareholder and the Director represents approximately 73.58% and 0.69% of the Company's total issued share capital and the other top 15 other shareholders as identified from the Investigation, who were independent of, and not connected with the chief executive, directors and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates, had interests in Shares representing approximately 3.29%, 2.29%, 2.06%, 1.56%, 1.53%, 1.31%, 1.22%, 1.14%, 1.10%, 1.07%, 0.79%, 0.76%, 0.56%, 0.46% and 0.46% of the total issued share capital of the Company respectively. The aggregate shareholding of these 15 shareholders amounted to approximately 19.60% of the total issued share capital of the Company.

As disclosed above, the Directors confirm that the other top 15 shareholders (other than the controlling shareholder and a Director) as identified from the Investigation were independent third parties, and are not connected to the chief executive, directors or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules).

Based on the responses to the Notification Letters, the information available to the Company and the confirmation received from all the directors of the Company and its subsidiaries, the Directors confirm that as at 3 March 2004, approximately 25.73% of the Company's total issued share capital was held in public hands. Accordingly, the Company is in compliance with the public float requirement under Rules 8.08(1) and 13.32 of the Listing Rules.

However, given the concentration of public float of the Company in the hands of a limited number of shareholders as at 3 March 2004, the Company hereby makes the announcement to keep the market promptly informed of this circumstance.

Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

Made by the order of the Board, the Directors collectively and individually accept full responsibility for the accuracy of this announcement.

The Board as of the date of this announcement comprises of Mr. Lau Kan Shan, Mr. Yan Sheng, Mr. Yuen Hiu Kwan and Ms. Ching Yung, all of whom are executive Directors, Mr. Lau Wai and Mr. Cheng Chun Pong, Paul, both of whom are the independent non-executive Directors.

By Order of the Board
Yan Sheng
Chief Executive Officer

Hong Kong, 27 August 2004

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

* *For identification purposes only*

“Please also refer to the published version of this announcement in The Standard.”