MEXAN LIMITED
茂盛控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 22)

FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2007

RESULTS

The board of directors (the "Board") of MEXAN LIMITED (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007, together with comparative figures for the corresponding year 2006 are as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2007

	Note	**2007** *HK$'000*	2006 *HK$'000* (Restated)
Continuing operations			
Turnover	*4*	**79,436**	75,681
Direct costs		**(22,727)**	(20,689)
Gross profit		**56,709**	54,992
Other revenue	*4*	**3,349**	19,374
Administrative expenses		**(82,799)**	(92,899)
Finance costs	*5*	**(23,430)**	(21,713)
Loss before taxation		**(46,171)**	(40,246)
Taxation	*6*	**—**	(2,571)
Loss for the year from continuing operations		**(46,171)**	(42,817)
Discontinued operations			
Loss for the year from discontinued operations	*7*	**(46,133)**	(66,059)
Net loss for the year	*8*	**(92,304)**	(108,876)
Dividend	*9*	**—**	249,076
Basic loss per share (HK cents)			
— from continuing and discontinued operations	*10*	**(7.04)**	(8.31)
— from continuing operations	*10*	**(3.52)**	(3.27)

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Note	**2007**	2006
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**649,198**	708,555
Investment property		**—**	20,000
Intangible assets		**11,181**	1,787,080
Goodwill		**—**	264,430
Club debentures		**1,350**	1,350
Amount due from a related company		**—**	257,103
Deposit for acquisition of a subsidiary		**—**	70,000
Deposit for acquisition of an investment property		**—**	4,000
		661,729	3,112,518
Current assets			
Trade and other receivables, deposits and prepayments	*11*	**97,355**	176,528
Amounts due from related companies		**—**	14,131
Cash and bank balances		**15,485**	20,404
		112,840	211,063
Assets of toll road and management businesses classified as held for sale		**2,552,385**	—
		2,665,225	211,063

CONSOLIDATED BALANCE SHEET *(continued)*
As at 31 March 2007

	Note	**2007**	2006
		HK$'000	*HK$'000*
Current liabilities			
Other payables, deposits received and accrued charges		**16,506**	40,151
Amounts due to related companies		**—**	10,208
Dividend payable		**1,096**	1,427
Current portion of obligations under finance lease		**—**	342
Current portion of bank loans		**35,554**	35,373
		53,156	87,501
Liabilities of toll road and management businesses associated with assets classified as held for sale		**1,667,978**	—
		1,721,134	87,501
Net current assets		**944,091**	123,562
Total assets less current liabilities		**1,605,820**	3,236,080
Equity			
Share capital		**131,092**	131,092
Reserves		**1,070,662**	1,128,511
Total equity		**1,201,754**	1,259,603
Non-current liabilities			
Obligations under finance lease		**—**	58
Bank loans		**344,653**	1,950,795
Other loans		**59,413**	25,619
Deferred taxation		**—**	5
		404,066	1,976,477
		1,605,820	3,236,080

Notes:

1. GROUP REORGANISATION

On 2 January 2007, the Company's ultimate controlling party, Mexan Group Limited ("MGL") entered into a share sale agreement (the "Agreement") with Winland Wealth (BVI) Limited ("Winland Wealth"), pursuant to which Winland Wealth agreed to acquire 964,548,303 shares of the Company from MGL, representing approximately 73.58% of the existing issued share capital of the Company. Completion of the Agreement is subject to, inter alia, approval by independent shareholders of the Company of the special cash dividend and the group reorganisation (the "Group Reorganisation").

Pursuant to the Group Reorganisation, (i) the Company will continue to be a listed company, together with its subsidiaries (the "Remaining Group") will be carrying on the Group's business of hotel investment and operation (the "Remaining Business"); (ii) Inventive Limited ("Inventive") and its subsidiaries (the "Inventive Group") will be carrying on the businesses of the Group, including the Group's toll road operation and management as well as investment holding, other than the Remaining Business; and (iii) the shareholders will receive by way of distribution in specie the share of Inventive on the basis of one share of Inventive for each share of the Company held.

Details of the Group Reorganisation are set out in the circular of the Company dated 17 March 2007 and the composite offer document dated 16 April 2007 issued jointly by the Company and Winland Wealth.

Pursuant to the resolution passed by the independent shareholders in the special general meeting held on 12 April 2007, the Group Reorganisation and the special cash dividend were approved. On the same date, the Group Reorganisation and the Agreement were then completed. As a result, Winland Wealth acquired 964,548,303 shares of the Company from MGL and became the holding company of the Company.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("HK(IFRIC)") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The financial statements are prepared under the historical cost convention as modified for the revaluation of investment properties.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all of the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2006. The adoption of these HKFRSs did not result in substantial changes to the Group's accounting policies nor have affected the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following HKFRSs that are relevant to the Group's operation were in issue but not yet effective:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) — Int 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions	1 March 2007
HK(IFRIC) — Int 12	Service Concession Arrangements	1 January 2008

The directors of the Company anticipate that the application of these HKFRSs will have no material impact on the financial statements of the Group.

4. REVENUES AND TURNOVER

The Group is principally engaged in hotel operation, toll road operation and property investment. Revenues recognised during the year are as follows:

	2007	2006
	HK$'000	*HK$'000*
From continuing operations		
Turnover		
Hotel operation	**79,436**	75,681
Other revenues		
Interest income		
— Bank and other advance	**2,763**	5,985
— from discontinued operations	**—**	9,219
Management fee income and others from discontinued operations	**—**	4,125
Unclaimed dividend written back	**313**	—
Other income	**273**	45
	3,349	19,374
Total revenues	**82,785**	95,055
From discontinued operations		
Turnover		
Toll road income	**159,697**	41,545
Rental income	**135**	54,259
	159,832	95,804
Other revenues		
Management fee and other income from continuing operations	**7,546**	11,596
Subsidy income	**2,196**	—
Interest income	**908**	1,010
Guaranteed net rental receipts	**—**	2,056
Exchange gain	**3,033**	—
	13,683	14,662
Total revenues	**173,515**	110,466

(a) Primary reporting format — business segments

The Group is organised into three main business segments:

- Hotel operation
- Toll road operation
- Property rental

For the year ended 31 March 2007

	Continuing operations	Discontinued operations			
	Hotel operation *HK$'000*	**Toll road** *HK$'000*	**Property rental** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Turnover	79,436	159,697	135		239,268
Segment results	152	64,552	(3,920)		60,784
Unallocated corporate income and expenses (net)					(35,657)
					25,127
Interest income					3,671
Finance costs					(121,107)
Loss before taxation					(92,309)
Taxation credit					5
Loss for the year attributable to equity holders of the Company					(92,304)
Segment assets	672,334	2,529,972	—		3,202,306
Unallocated corporate assets					124,648
Consolidated total assets					3,326,954
Segment liabilities	451,883	1,666,074	—		2,117,957
Unallocated corporate liabilities					7,243
Consolidated total liabilities					2,125,200
Capital expenditure	436	17,150	—	22	17,608
Depreciation	17,599	4,347	—	1,433	23,379
Amortisation	1,166	52,460	—	—	53,626

For the year ended 31 March 2006

	Continuing operations	Discontinued operations			
	Hotel operation	**Toll road**	**Property rental**	**Unallocated**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	75,681	41,545	54,259		171,485
Segment results	7,015	16,633	35,551		59,199
Unallocated corporate income and expenses (net)					(106,921)
					(47,722)
Interest income					6,995
Finance costs					(89,298)
Share of results of a jointly controlled entity	—	(5,226)	—		(5,226)
Gain on disposal of subsidiaries					25,700
Loss before taxation					(109,551)
Taxation credit					675
Loss for the year attributable to equity holders of the Company					(108,876)
Segment assets	704,607	2,376,558	20,453		3,101,618
Unallocated corporate assets					221,963
Consolidated total assets					3,323,581
Segment liabilities	458,424	1,588,021	12,117		2,058,562
Deferred tax liabilities					5
Unallocated corporate liabilities					5,411
Consolidated total liabilities					2,063,978
Capital expenditure	168	—	—	94	262
Depreciation	17,543	618	—	1,423	19,584
Amortisation	1,167	13,283	—	—	14,450

(b) Secondary reporting format — geographical segment

The following is an analysis of the Group's turnover, analysed by the geographical market:

	2007 HK$'000	2006 HK$'000 (Restated)
From continuing operations		
Hong Kong	**79,436**	75,681
From discontinued operations		
Hong Kong	**135**	54,259
PRC	**159,697**	41,545
	159,832	95,804
	239,268	171,485

The following is an analysis of carrying amount of segment assets, additions to intangible assets, property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to intangible assets, property, plant and equipment	
	2007 HK$'000	2006 HK$'000 (Restated)	2007 HK$'000	2006 HK$'000 (Restated)
From continuing operations				
Hong Kong	**774,569**	873,023	**436**	262
PRC	**—**	2,450,558	**—**	—
	774,569	3,323,581	**436**	262
From discontinued operations				
Hong Kong	**22,413**	—	**22**	—
PRC	**2,529,972**	—	**17,150**	—
	2,552,385	—	**17,172**	—
	3,326,954	—	**17,608**	—

5. FINANCE COSTS

Finance costs comprise the following:

	2007	2006
	HK$'000	*HK$'000*
		(Restated)
From continuing operations		
Interest on bank loans not wholly payable within five years	**20,888**	7,946
Interest on other loans wholly payable within five years	**2,532**	686
Interest on convertible notes	**—**	4,840
Interest on promissory notes	**—**	6,076
Total borrowing costs incurred	**23,420**	19,548
Bank charges	**10**	—
Bank facilities arrangement fee	**—**	2,165
	23,430	21,713
From discontinued operations		
Interest on bank loans and overdrafts		
— wholly payable within five years	**639**	24,191
— not wholly payable within five years	**96,818**	28,176
Interest on other loans wholly payable within five years	**—**	13,827
Interest element of finance lease	**13**	30
Interest paid to continuing operations	**—**	9,219
Total borrowing costs incurred	**97,470**	75,443
Bank charges	**207**	1,361
Bank facilities arrangement fee paid to continuing operations	**—**	4,125
	97,677	80,929

6. TAXATION

(a) Hong Kong profits tax is provided at the rate of 17.5% on the estimated assessable profits for the year. The Company's principal subsidiary in the name of Ningbo Beilun Port Expressway Company Limited ("Beilun Company") is subject to the PRC income tax at the rate of 33%.

The amount of taxation credited to the consolidated income statement represents:

	2007	2006
	HK$'000	*HK$'000*
Hong Kong profits tax		
— over provision in prior years	**—**	(1,423)
Deferred taxation resulting from origination and reversal of temporary differences	**(5)**	748
Taxation credit	**(5)**	(675)
From continuing operations	**—**	2,571
From discontinued operations	**(5)**	(3,246)
	(5)	(675)

(b) The taxation on the Group's accounting loss differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2007	2006
	HK$'000	*HK$'000*
Loss before taxation		
— from continuing operations	**(46,171)**	(40,246)
— from discontinued operations	**(46,138)**	(69,305)
	(92,309)	(109,551)
Calculated at a taxation rate of 17.5%	**(16,154)**	(19,171)
Income and expenditure not subject to taxation	**2,019**	2,468
Expenses not deductible for tax purposes	**1,816**	12,298
Non-taxable items	**(609)**	(4,813)
Unrecognised tax losses and deductible temporary differences	**12,923**	7,648
Tax effect of share of results of a jointly controlled entity	**—**	915
Over provision in prior years	**—**	(20)
Taxation credit	**(5)**	(675)

7. DISCONTINUED OPERATIONS

Proposal to dispose of the toll road operation and management business

As disclosed in note 1, on 2 January 2007, the Group proposed the Group Reorganisation to dispose of the Group's business of toll road operation and management by distribution in specie of shares in Inventive.

Disposal of the property investment business

In the years ended 31 March 2006 and 2007, the Group disposed of its business of property investment.

The loss for the year from the discontinued operations is analysed as follows:

	2007 ***HK$'000***	2006 *HK$'000* (Restated)
Loss of discontinued operations for the year	**(46,133)**	(41,753)
Gain on disposal of discontinued operations	**—**	25,700
Cost on disposal of property investment operation	**—**	(50,006)
	(46,133)	(66,059)

The combined results of the discontinued operations during the year are set out below. The comparative loss from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

	2007 ***HK$'000***	2006 *HK$'000* (Restated)
Turnover	**159,832**	95,804
Direct costs	**(71,130)**	(28,869)
Gross profit	**88,702**	66,935
Other revenue	**13,683**	14,662
Administrative expenses	**(50,846)**	(41,916)
Finance costs	**(97,677)**	(80,929)
Increase in fair value of investment property	**—**	1,475
Share of results of a jointly controlled entity	**—**	(5,226)
Loss before taxation	**(46,138)**	(44,999)
Taxation credit	**5**	3,246
Loss for the year	**(46,133)**	(41,753)

8. NET LOSS FOR THE YEAR

	2007	2006
	HK$'000	*HK$'000*
Loss for the year is stated after crediting and charging the following:		
Crediting		
Gross rental income from investment properties	**135**	54,259
Less: outgoings	**—**	(9,923)
Net rental income from investment properties	**135**	44,336
Charging		
Auditor's remuneration	**550**	720
Operating leases of land and buildings	**3,209**	3,361
Depreciation of property, plant and equipment	**23,379**	19,584
Amortisation of intangible assets	**53,626**	14,450
Loss on disposal of property, plant and equipment	**28**	—
Loss on disposal of investment property	**3,500**	—
Bad debts written off and provision for bad debts (net)	**732**	5,308

9. DIVIDEND

In the year ended 31 March 2006, a dividend of HK$0.19 per share (total dividend HK$249,076,000) was paid to holders of fully paid ordinary shares.

In respect of the current year and as disclosed in note 1, the directors proposed a special cash dividend of HK$0.06865 per share which would be paid to shareholders upon completion of the Group Reorganisation. This dividend was approved by shareholders at the special general meeting on 12 April 2007 and has not been included as a liability in the financial statements for the year ended 31 March 2007. The dividend was payable to all shareholders on the Register of Members on 12 April 2007. The total dividend was HK$89,995,000.

10. LOSS PER SHARE

The calculation of the basic loss per share from continuing and discontinued operations attributable to the equity holders of the Company is based on the following data.

Earnings

	2007	2006
	HK$'000	*HK$'000*
		(Restated)
Loss for the year from continuing operations	**(46,171)**	(42,817)
Loss for the year from discontinued operations	**(46,133)**	(66,059)
Loss for the year attributable to equity holders of the Company	**(92,304)**	(108,876)

Number of shares

	2007	2006
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,310,925,244**	1,310,925,244

Basic loss per share from the discontinued operations is 3.52 HK cents (2006 (restated): 5.04 HK cents), which is calculated based on the loss for the year from discontinued operations attributable to equity holders of the Company of HK$46,133,000 (2006 (restated): HK$66,059,000) and the weighted average number of ordinary shares for the purpose of basic loss per share detailed above.

No fully diluted loss per share is shown as the Company has no potential dilutive ordinary shares at 31 March 2007 and 2006.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Continuing operations	**Discontinued operations**	**2007**	2006
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
Trade receivables	**3,417**	**3,693**	**7,110**	21,496
Loan receivables	**—**	**—**	**—**	34,000
Other receivables	**2,273**	**2,152**	**4,425**	33,752
Deposits and prepayments	**91,665**	**108,063**	**199,728**	87,280
	97,355	**113,908**	**211,263**	176,528

The Group allows an average credit period of one month to its trade customers. All the trade receivables are expected to be recovered within one year, the trade receivables are all net of impairment loss for bad and doubtful debts. The following is an ageing analysis of trade receivables at the balance sheet date:

	Continuing operations	**Discontinued operations**	**2007**	2006
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
Within 30 days	**3,188**	**3,693**	**6,881**	14,724
31 - 60 days	**205**	**—**	**205**	5,890
61 - 90 days	**24**	**—**	**24**	882
	3,417	**3,693**	**7,110**	21,496

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

Turnover of Mexan Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2007 amounted to approximately HK$239.3 million, representing an increase of 40% compared to last year. Turnover for the year under review included the turnover generated from continuing operations, i.e. the operation of Mexan Harbour Hotel (the "Hotel") of approximately HK$79.4 million, while the turnover of the Hotel amounted to approximately HK$75.7 million for last year. Turnover for the year under review also included the turnover of approximately HK$159.8 million generated from discontinued operations, mainly from the turnover generated from the full year operation of the Ningbo Beilun Port Expressway (the "Expressway") of approximately HK$159.7 million, while turnover from discontinued operations for last year mainly included the turnover generated from the operation of the Expressway for about 4 months from December 2005 to March 2006 (approximately HK$41.5 million) and the property rental generated from Elizabeth House for about 8 months from April 2005 to November 2005 (approximately HK$53.3 million). In December 2005, the Group has completed a very substantial acquisition to acquire the remaining 55.1% equity interest in Ningbo Beilun Port Expressway Company Limited ("Beilun Company") and in November 2005, the Group has completed a very substantial disposal to dispose Winsworld Properties Limited, the owner of an investment property in Elizabeth House at the date of disposal.

The Group has recorded a loss of approximately HK$92.3 million for the year ended 31 March 2007, which comprised of the loss of approximately HK$46.2 million generated from continuing operations and the loss of approximately HK$46.1 million generated from discontinued operations. The loss of approximately HK$108.9 million for last year comprised of the loss of approximately HK$42.8 million generated from continuing operations and the loss of approximately HK$66.1 million generated from discontinued operations. The loss was reduced as there was a cost on the disposal of the property investment operation last year whilst no such cost was incurred in the year under review.

Business Review

Mexan Harbour Hotel, an 800-room four-star hotel in Tsing Yi, maintained an average occupancy rate of approximately 89% for the year under review, while according to the figure provided by the Census and Statistics Department, the average hotel accommodation occupancy rate is approximately 87% in the year 2006. There was an increase of approximately 5% in turnover generated from the Hotel compared with last year.

The Group, through its wholly-owned subsidiary, Beilun Company, owns the operating right of Ningbo Beilun Port Expressway. Ningbo Beilun Port Expressway is an important route that connects Beilun Port (a major natural deep water port) to the prosperous regions in Zhejiang including Hangzhou, Wenzhou and Taizhou. Beilun Company contributed a significant amount of turnover for the year under review as full year operation was accounted for. However, the interest expenses recorded in Beilun Company during the current year amounted to approximately HK$96.8 million, which also caused significant impact to the results.

Outlook

On 12 April 2007, the Group completed the Group Reorganisation. The Group will be carrying on the business of hotel investment and operation.

Tourism sector is foreseen to flourish by the approaching events, such as (i) the completion of the revamp and expansion plans of Ocean Park by phases; (ii) the 2008 Olympic Games in Beijing, with the equestrian events to be hosted in Hong Kong, and with more to come. We anticipate that these new tourist attractions will stimulate demands in hotel rooms and we are optimistic on the hotel business.

Looking forward, the current management will regularly conduct review of the Group's financial position and business activities in order to formulate its business and strategic development plans and continue to explore further suitable investment opportunities for the Group.

Liquidity and Financial Information

During the year under review, cashflow of the Group was mainly generated from business operations. As at 31 March 2007, the Group's total borrowings amounted to approximately HK$2,068 million compared with approximately HK$2,012 million as at 31 March 2006. The increase of the Group's total borrowings was due to the appreciation of RMB in RMB denominated borrowings when converted into HKD.

As at 31 March 2007, cash and bank balances amounted to approximately HK$53 million, together with cash deposited with a securities firm of approximately HK$84 million compared with cash and bank balances of approximately HK$20 million, and cash deposited with a securities firm of approximately HK$82 million last year. The Group's net assets as at 31 March 2007 amounted to approximately HK$1,202 million compared with approximately HK$1,260 million last year.

Gearing ratio of the Group which is expressed as a percentage of total borrowings to equity attributable to equity holders of the Company was approximately 172% as at 31 March 2007 compared to approximately 160% as at 31 March 2006. Net gearing ratio of the Group which is expressed as a percentage of net borrowings (total borrowings less cash and bank balance) to equity attributable to equity holders of the Company was approximately 168% compared with approximately 158% last year.

Of the Group's total borrowings as at 31 March 2007, approximately HK$54 million (2.6%) would be due within one year, approximately HK$160 million (7.8%) would be due in more than one year but not exceeding two years, approximately HK$553 million (26.7%) would be due in more than two years but not exceeding five years and the remaining balance of approximately HK$1,301 million (62.9%) would be due after five years.

The borrowings were denominated in HKD and RMB. Approximately HK$1,629 million (78.8%) was denominated in RMB and approximately HK$439 million (21.2%) was denominated in HKD. An amount of approximately HK$59 million out of the total borrowings of approximately HK$2,068 million bears a fixed interest rate.

The above borrowings of approximately HK$439 million for continuing operations, including bank borrowings and other borrowings, were secured by the hotel property, corporate guarantee from the Company and Winland Wealth's director's and related parties' guarantees.

The above bank borrowings of approximately HK$1,629 million for discontinued operations were secured by the operating right of the Ningbo Beilun Port Expressway and guarantee from a related company of Mr. Lau Kan Shan (executive director of the Company as at 31 March 2007).

Subsequent to the year end, the Group refinanced its borrowings for continuing operations with the existing bank to extinguish the original bank loans and other loan by (i) instalment loans of HK$255 million repayable in monthly instalments over a period of 15 years and (ii) a revolving loan of HK$177 million with a revolving period of one to three months. The new borrowings were secured by the hotel property and corporate guarantee from the Company.

Treasury Policies

The Group generally financed its operations with internally generated resources and credit facilities. The bank deposits are mainly denominated in HKD and RMB.

Foreign Exchange Exposure

The Group has limited exposure to foreign exchange fluctuations as the Group's transactions including the borrowings are mainly recorded in the currency most connected with the Group's businesses in the countries concerned and the borrowings were balanced by assets in the same currencies.

In addition, the Group had not implemented major hedging or other alternative measures during the year ended 31 March 2007 as the foreign currency risk exposure was considered to be minimal. As at 31 March 2007, the Group had no significant exposure under foreign exchange contracts, interest or currency swaps or other financial derivative.

Equity

Total equity of the Group as at 31 March 2007 was approximately HK$1,202 million compared with approximately HK$1,260 million last year. The reduction was resulted from the loss of approximately HK$92 million incurred during the year, which is balanced off by the increase in exchange reserve of approximately HK$34 million when RMB was converted into HKD in the financial statements of Beilun Company.

Employee Information

As at 31 March 2007, the total number of employees of the Group was 296 (2006: 178). Remuneration packages are generally structured by reference to market terms and individual qualifications. The remuneration policies of the Group are normally reviewed on a periodical basis. The Group participates in pension schemes which cover all the eligible employees of the Group.

Contingent Liability

As at 31 March 2007, the Company had provided guarantees to a bank and Winland Wealth's related company in respect of loans granted to its subsidiary amounting to approximately HK$380,207,000 and approximately HK$59,413,000 respectively.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year under review, except for the following deviations:

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. All Independent Non-Executive Directors of the Company were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws (the "Bye-laws"). As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in paragraph A.4.1 of the CG Code.

Under the code provision A.4.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, in accordance with the Bye-laws, the Chairman and Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. This constitutes a deviation from code provision A.4.2 of the CG Code. As continuation is a key factor to the successful implementation of business plans, the Board believes that the roles of the Chairman and Managing Director provide the Group with strong and consistent leadership and are beneficial to the Company especially in planning and execution of business strategies and also believes that the present arrangement is beneficial to the Company and the shareholders of the Company as a whole.

Under the code provision C.2.1 of the CG Code, the directors should at least annually conduct a review of the effectiveness of the system of internal control of the Company and its subsidiaries. As the Company has just adopted the internal control manual during the year under review, the Board will conduct the annual review of the effectiveness of the internal control system in the coming year.

Under the code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Lau Kan Shan, the Chairman of the Board during the year ended 31 March 2007, has not attended the annual general meeting of the Company held on 25 August 2006 due to other business engagement. Other executive directors were present at the annual general meeting to answer questions from shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transaction throughout the year.

REVIEW BY AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprises of three Independent Non-Executive Directors, namely Mr. Chan Wai Dune, Mr. Lau Wai and Mr. Tong Kwai Lai. The Audit Committee has reviewed with the Company's auditors, Horwath Hong Kong CPA Limited, the audited financial statements for the year ended 31 March 2007 and has also discussed auditing, internal control and financial reporting matters of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.mexanhk.com). The Company's annual report for 2007 will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
MEXAN LIMITED
Tse On Kin
Executive Director

Hong Kong, 20 July 2007

As at the date of this announcement, the Executive Directors are Mr. Lun Chi Yim, Mr. Lun Yiu Kay Edwin, Mr. Ng Tze Ho Joseph, Mr. Tse On Kin and Ms. Ching Yung and the Independent Non-Executive Directors are Dr. Tse Kwing Chuen, Mr. Ng Hung Sui Kenneth, Mr. Lam Yiu Pang Albert, Mr. Chan Wai Dune, Mr. Lau Wai and Mr. Tong Kwai Lai.