MEXAN LIMITED
茂盛控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 22)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The board of directors (the "Board") of MEXAN LIMITED (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2007 together with the comparative figures for the corresponding previous period as follows:

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 September 2007

	Note	Unaudited Six months ended 30 September 2007 HK$'000	2006 HK$'000 (Restated)
CONTINUING OPERATIONS			
Turnover	3	**37,660**	40,539
Direct costs		**(10,539)**	(11,144)
Gross profit		**27,121**	29,395
Other revenues	3	**298**	1,636
Administrative and other operating expenses		**(22,785)**	(31,221)
Profit from operations		**4,634**	(190)
Finance costs	4	**(11,208)**	(11,876)
Loss before taxation		**(6,574)**	(12,066)
Taxation	5	**—**	—
Loss for the period from continuing operations		**(6,574)**	(12,066)
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations		**(822)**	(32,599)
Net loss for the period	6	**(7,396)**	(44,665)
Attributable to:			
Equity holders of the Company		**(7,335)**	(44,665)
Minority interests		**(61)**	—
		(7,396)	(44,665)
Dividend	7	**974,531**	—
Loss per share (cents)			
— from continuing and discontinued operations	8	**(0.560)**	(3.407)
— from continuing operations	8	**(0.497)**	(0.920)

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

As at 30 September 2007

	Note	**Unaudited 30 September 2007 HK$'000**	Audited 31 March 2007 HK$'000
Non-current assets			
Property, plant and equipment		**640,712**	649,198
Intangible assets		**10,597**	11,181
Club debentures		**1,350**	1,350
Deposit for land lease payments		**1,200**	—
		653,859	661,729
Current assets			
Trade and other receivables, deposits and prepayments	*9*	**5,575**	97,355
Cash and bank balances		**9,057**	15,485
		14,632	112,840
Assets of toll road and management businesses classified as held for sale		**—**	2,552,385
		14,632	2,665,225
Current liabilities			
Other payables, deposits received and accrued charges		**10,487**	16,506
Amounts due to related company		**8,327**	—
Dividend payable		**1,094**	1,096
Current portion of bank loans		**188,350**	35,554
		208,258	53,156
Liabilities of toll road and management businesses associated with assets classified as held for sale		**—**	1,667,978
		208,258	1,721,134
Net current (liabilities)/assets		**(193,626)**	944,091
Total assets less current liabilities		**460,233**	1,605,820
Equity			
Share capital		**131,092**	131,092
Reserves		**88,796**	1,070,662
Equity attributable to equity holders of the Company		**219,888**	1,201,754
Minority interests		**(61)**	—
Total equity		**219,827**	1,201,754
Non-current liabilities			
Bank loans		**239,806**	344,653
Other loan		**600**	59,413
		240,406	404,066
		460,233	1,605,820

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 of HK$0.06865 per share 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 (together as 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.

The net assets of Inventive Group distributed by the Group in form of dividend in specie were as follows:

	HK$'000
Total assets	2,555,598
Total liabilities	1,671,062
Net assets distributed	884,536

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on historical cost basis and in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirement of Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2007.

In the current period, the Group has adopted all of the new and revised 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 the HKICPA that are relevant to its operations and effective for the current accounting period of the Group. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies nor have affected the amounts reported for the current or prior periods.

At the date of authorisation of these financial statements, the following HKFRSs were in issue but not yet effective:

		Effective for annual periods beginning on or after
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) — Int 12	Service Concession Arrangements	1 January 2008
HK(IFRIC) — Int 13	Customer Loyalty Programmes	1 July 2008
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction	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.

3. REVENUES AND TURNOVER

Before the completion of the Group Reorganisation on 12 April 2007, the Group was principally engaged in hotel operation and toll road operation. After the Group Reorganisation, the Group is mainly engaged in hotel operation. Revenues recognised during the period are as follows:

	Unaudited Six months ended 30 September	
	2007	2006
	HK$'000	HK$'000
From continuing operations		
Turnover		
Hotel operation	**37,660**	40,539
Other revenues		
Interest income from bank and other advance	**298**	1,399
Unclaimed dividend written back	**—**	237
	298	1,636
Total revenues	**37,958**	42,175
From discontinued operations		
Turnover		
Toll road income	**5,586**	79,179
Rental income	**—**	135
	5,586	79,314
Other revenues		
Management fee and other income from continuing operations	**—**	5,021
Subsidy income	**—**	2,168
Interest income	**11**	43
Exchange gain	**—**	1,190
	11	8,422
Total revenues	**5,597**	87,736

(a) Primary reporting format — business segments

During the period ended 30 September 2007, the Group's turnover was generated from two main business segments:

- Hotel operation
- Toll road operation

There are no sales or other transactions between the business segments.

For the six months ended 30 September 2007 (Unaudited)

	Continuing operations	Discontinued operations		
	Hotel operation HK$'000	Toll road operation HK$'000	Property rental HK$'000	Consolidated HK$'000
Turnover	**37,660**	**5,586**	**—**	**43,246**
Segment results	**9,238**	**2,981**	**—**	**12,219**
Unallocated corporate expenses (net)				**(5,776)**
				6,443
Interest income				**309**
Finance costs				**(14,148)**
Loss before taxation				**(7,396)**
Taxation credit				**—**
Loss for the period				**(7,396)**

For the six months ended 30 September 2006 (Unaudited)

	Continuing operations	Discontinued operations		
	Hotel operation HK$'000	Toll road operation HK$'000	Property rental HK$'000	Consolidated HK$'000
Turnover	40,539	79,179	135	119,853
Segment results	10,170	20,221	(3,692)	26,699
Unallocated corporate expenses (net)				(14,196)
				12,503
Interest income				1,442
Finance costs				(58,615)
Loss before taxation				(44,670)
Taxation credit				5
Loss for the period				(44,665)

(b) Secondary reporting format — geographical segment

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

	Unaudited Six months ended 30 September	
	2007 HK$'000	2006 HK$'000
From continuing operations		
Hong Kong	**37,660**	40,539
From discontinued operations		
Hong Kong	**—**	135
People's Republic of China	**5,586**	79,179
	5,586	79,314
	43,246	119,853

4. FINANCE COSTS

Finance costs comprise the following:

	Unaudited Six months ended 30 September **2007** **HK$'000**	 2006 HK$'000
From continuing operations		
Interest on bank loans not wholly payable within five years	**4,857**	10,856
Interest on bank loans wholly payable within five years	**5,894**	—
Interest on other loans wholly payable within five years	**430**	1,017
Total borrowing costs incurred	**11,181**	11,873
Bank charges	**27**	3
	11,208	11,876
From discontinued operations		
Interest on bank loans not wholly payable within five years	**2,940**	46,724
Interest element of finance lease	**—**	9
Total borrowing costs incurred	**2,940**	46,733
Bank charges	**—**	6
	2,940	46,739

5. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits for the period. Overseas taxation is provided for the overseas operations in accordance with the tax laws of the countries in which the entities operate.

6. NET LOSS FOR THE PERIOD

Net loss for the period is stated after charging the following:

	Unaudited Six months ended 30 September	
	2007	2006
	HK$'000	HK$'000
Staff costs	**6,305**	17,504
Depreciation of property, plant and equipment	**9,045**	10,658
Amortisation of intangible assets	**2,321**	25,937

7. DIVIDEND

	Unaudited Six months ended 30 September	
	2007	2006
	HK$'000	HK$'000
Dividend in specie *(Note 1 above)*	**884,536**	—
Dividend paid, HK$0.06865 per share (2006: Nil)	**89,995**	—
	974,531	—

In respect of the period and as disclosed in note 1 above, on 2 January 2007, 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 was paid during the period to all shareholders on the register of members on 12 April 2007. The total dividend was HK$89,995,000.

8. 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.

	Unaudited Six months ended 30 September	
	2007	2006
	HK$'000	HK$'000
		(Restated)
Losses		
Loss attributable to equity holders of the Company for the purpose of the calculation of basic loss per share		
Continuing operations	**6,513**	12,066
Discontinued operations	**822**	32,599
	7,335	44,665
Number of shares		
Weighted average number of ordinary shares for the purpose of the calculation of basic loss per share	**1,310,925,244**	1,310,925,244

No diluted earnings per share is shown as the Company has no potential dilutive ordinary shares at 30 September 2007.

For the period ended 30 September 2006, diluted loss per share is not shown as the potential ordinary shares are anti-dilutive.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited	Audited
	30 September	31 March
	2007	2007
	HK$'000	HK$'000
Trade receivables *(note (a))*	**4,301**	7,110
Other receivables	**584**	4,425
Deposits and prepayments	**690**	199,728
	5,575	211,263
Less: assets classified as held for sale	**—**	(113,908)
	5,575	97,355

(a) 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:

	Unaudited 30 September 2007 HK$'000	Audited 31 March 2007 HK$'000
Within 30 days	**3,936**	6,881
31 — 60 days	**60**	205
61 — 90 days	**71**	24
Over 90 days	**234**	—
	4,301	7,110
Less: assets classified as held for sale	**—**	(3,693)
	4,301	3,417

10. CAPITAL COMMITMENT

At the balance sheet date, the Group had the following capital commitment in respect of:

	Unaudited 30 September 2007 HK$'000	Audited 31 March 2007 HK$'000
Contracted but not provided for		
— Leasehold land for agricultural use	**10,800**	—

11. COMPARATIVE FIGURES

Due to the Group Reorganisation, as disclosed in note 1 above, which constituted discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", certain comparative figures were restated so as to reflect the results for the continuing operations.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 September 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

Turnover from continuing operations of the Group recorded for the six months ended 30 September 2007 amounted to approximately HK$37.6 million, representing a decrease of 7% compared to the same period last year. The decrease in turnover was mainly due to the decrease of tour groups from mainland China.

Turnover from discontinued operations of the Group for the period under review amounted to approximately HK$5.6 million, representing a decrease of 93% compared to the same period last year. The decrease was mainly due to the distribution of the toll road business by the Group.

The Group recorded a loss of approximately HK$7.4 million for the six months ended 30 September 2007 compared to a loss of approximately HK$44.7 million in the corresponding period in 2006. The loss was decreased by approximately 83%, as mainly resulted from the distribution of the toll road business by the Group.

Business Review and Outlook

On 12 April 2007, the Group completed the Group Reorganisation. The Group is now carrying on the business of hotel investment and operation. The Group operates the Mexan Harbour Hotel, an 800-room four-star hotel in Tsing Yi.

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 re-opening of the Tung Chung Cable Car; (iii) 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 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

As at 30 September 2007, the Group's total borrowings amounted to approximately HK$429 million (31 March 2007: HK$2,068 million). The decrease of the Group's total borrowings was mainly due to the distribution of the toll road business. As at 30 September 2007, cash and bank balances amounted to approximately HK$9 million (31 March 2007: HK$53 million). The Group's net assets as at 30 September 2007 amounted to HK$220 million (31 March 2007: HK$1,202 million).

Gearing ratio of the Group which is expressed as a percentage of total borrowings to shareholders' funds was approximately 195% as at 30 September 2007 compared to approximately 172% as at 31 March 2007.

Of the Group's total borrowings as at 30 September 2007, except for the loan with no repayment terms, approximately HK$188 million (43.9%) would be due within one year, approximately HK$12 million (2.8%) would be due in more than one year but not exceeding two years, approximately HK$41 million (9.6%) would be due in more than two years but not exceeding five years and the remaining balance of approximately HK$187 million (43.7%) would be due in more than five years.

As at 30 September 2007, the borrowings were denominated in Hong Kong dollars, while as at 31 March 2007, the borrowings were denominated in Hong Kong dollars and Renminbi. As at 30 September 2007, the bank borrowings of approximately HK$428 million bear a variable interest rate.

The bank borrowings of approximately HK$428 million were secured by the hotel property, corporate guarantee from the Company and guarantees from directors and their related companies.

The Group has limited exposure to foreign exchange fluctuations as the Group's transactions including the borrowings are mainly conducted in Hong Kong dollars. As at 30 September 2007, the Group had no significant exposure under foreign exchange contracts, interest or currency swaps or other financial derivative.

EMPLOYEE INFORMATION

As at 30 September 2007, the total number of employees of the Group was approximately 133 (31 March 2007: 296). 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 a mandatory provident fund scheme which covers all the eligible employees of the Group.

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

During the six months ended 30 September 2007, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2007 except for the following deviation:

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 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.

In order to comply with the code provision C.2.1 of the CG Code, the Board has appointed an external consultancy firm to conduct the review on the effectiveness of the internal control system.

AUDIT COMMITTEE

The Audit Committee of the Company, with terms of reference in compliance with the provisions set out in the CG Code, comprises all the independent non-executive directors. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 September 2007 and discussed with the management the accounting principles and practices and internal control of the Group.

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 the Mode Code for Securities Transactions by Directors of Listed Issuers ("Model Code"). 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 transactions during the period.

By Order of the Board
Lun Chi Yim
Chairman

Hong Kong, 19 December 2007

As at the date of this announcement, the Executive Directors are Mr. Lun Chi Yim, Mr. Lun Yiu Kay Edwin and Mr. Ng Tze Ho Joseph and the Independent Non-Executive Directors are Dr. Tse Kwing Chuen, Mr. Ng Hung Sui Kenneth and Mr. Lam Yiu Pang Albert.