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 2008

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 2008 together with the comparative figures for the corresponding previous period as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

		Unaudited Six months ended 30 September	
	Notes	**2008**	2007
		HK$'000	*HK$'000*
CONTINUING OPERATIONS			
Turnover	*2*	**41,322**	37,660
Direct costs		**(11,450)**	(10,539)
Gross profit		**29,872**	27,121
Other revenues	*2*	**9**	298
Administrative expenses		**(22,543)**	(22,785)
Profit from operations		**7,338**	4,634
Finance costs	*3*	**(5,049)**	(11,208)
Profit/(loss) before taxation		**2,289**	(6,574)
Taxation	*4*	**(598)**	—
Profit/(loss) for the period from continuing operations		**1,691**	(6,574)
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations		**—**	(822)
Profit/(loss) for the period	*5*	**1,691**	(7,396)
Attributable to:			
Equity holders of the Company		**1,765**	(7,335)
Minority interests		**(74)**	(61)
		1,691	(7,396)
Dividend		**—**	974,531
Basic earnings/(loss) per share (cents)			
— from continuing and discontinued operations	*6*	**0.135**	(0.560)
— from continuing operations	*6*	**0.135**	(0.497)

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

As at 30 September 2008

	Notes	Unaudited 30 September 2008 HK$'000	Audited 31 March 2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**622,781**	631,461
Intangible assets		**9,431**	10,014
Prepaid lease payments		**11,396**	11,547
Club debentures		**1,350**	1,350
		644,958	654,372
Current assets			
Inventories		**325**	348
Trade and other receivables, deposits and prepayments	7	**110,992**	3,655
Prepaid lease payments		**302**	302
Cash and bank balances		**6,076**	8,478
		117,695	12,783
Current liabilities			
Current portion of bank loans		**301,802**	203,625
Other payables, deposits received and accrued charges		**12,888**	9,728
Amount due to a related company		**—**	607
Amount due to minority shareholder		**6,414**	6,408
Dividend payable		**1,515**	1,522
Tax payable		**622**	24
		323,241	221,914
Net current liabilities		**(205,546)**	(209,131)
Total assets less current liabilities		**439,412**	445,241
Non-current liabilities			
Bank loans		**222,729**	230,249
Net assets		**216,683**	214,992
EQUITY			
Share capital		**131,092**	131,092
Reserves		**86,277**	84,512
Equity attributable to equity holders of the Company		**217,369**	215,604
Minority interests		**(686)**	(612)
Total equity		**216,683**	214,992

Notes:

1. 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 2008.

The following new amendments and interpretations are mandatory for the first time for the financial year beginning 1 April 2008 but are not currently relevant to the Group.

HKAS 39 & HKFRS 7, Amendments	Reclassification of Financial Assets
HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has not early applied the following new standards or interpretations that have been issued but not yet effective:

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKAS 32 & 1, Amendments	Puttable Financial Instruments and Obligations arising on Liquidation	1 January 2009
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) — Int 13	Customer Loyalty Programmes	1 July 2008
HK(IFRIC) — Int 15	Agreements for Construction of Real Estate	1 January 2009
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008

The directors of the Company are currently assessing the impact of the above new standards, amendments and interpretations but are not yet in position to state whether they would have material impact on the unaudited condensed consolidated interim financial statements.

2. REVENUES AND TURNOVER

Before the completion of the Group Reorganisation (details are set out in the Company's 2008 Annual Report) 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 and money lending business. Revenues recognised during the period are as follows:

	Unaudited Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
From continuing operations		
Turnover		
Hotel operation	**37,279**	37,660
Money lending business		
— Loan arrangement fee income	**368**	—
— Loan interest income	**3,675**	—
	4,043	—
	41,322	37,660
Other revenues		
Interest income from bank	**9**	298
	9	298
Total revenues	**41,331**	37,958
From discontinued operations		
Turnover		
Toll road income	**—**	5,586
	—	5,586
Other revenues		
Interest income	**—**	11
	—	11
Total revenues	**—**	5,597

(A) PRIMARY REPORTING FORMAT — BUSINESS SEGMENTS

During the six months ended 30 September 2008, the Group's turnover was generated from two main business segments:

- Hotel operation
- Money lending business

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

For the six months ended 30 September 2008 (Unaudited)

	Continuing operations		
	Hotel operation *HK$'000*	**Money lending business** *HK$'000*	**Consolidated** *HK$'000*
Turnover	**37,279**	**4,043**	**41,322**
Segment results	**8,403**	**3,626**	**12,029**
Unallocated corporate expenses (net)			**(4,700)**
			7,329
Interest income			**9**
Finance costs			**(5,049)**
Profit before taxation			**2,289**
Taxation charge			**(598)**
Profit for the period			**1,691**

For the six months ended 30 September 2007 (Unaudited)

	Continuing operations	Discontinued operations	
	Hotel operation *HK$'000*	Toll road operation *HK$'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 charge			—
Loss for the period			(7,396)

(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 2008 *HK$'000*	2007 *HK$'000*
From continuing operations		
Hong Kong	**41,322**	37,660
From discontinued operations		
People's Republic of China	**—**	5,586
	41,322	43,246

3. FINANCE COSTS

Finance costs comprise the following:

	Unaudited Six months ended 30 September 2008 *HK$'000*	2007 *HK$'000*
From continuing operations		
Interest on bank loans not wholly repayable within five years	**2,774**	4,857
Interest on bank loans wholly repayable within five years	**2,671**	5,894
Interest on other loans wholly repayable within five years	**—**	430
Total borrowing costs incurred	**5,445**	11,181
Bank charges	**19**	27
	5,464	11,208
Included in direct cost for money lending business	**(415)**	—
	5,049	11,208
From discontinued operations		
Interest on bank loans not wholly repayable within five years	**—**	2,940
	—	2,940

4. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 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.

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

	Unaudited Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
Hong Kong profits tax	**598**	—

5. PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the period is stated after charging the following:

	Unaudited Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
Staff costs	**11,886**	6,305
Depreciation of property, plant and equipment	**8,812**	9,045
Amortisation of intangible assets	**583**	2,321
Release of prepaid lease payments to profit or loss	**151**	—
Provision for doubtful debts	**19**	—

6. BASIC EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(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	
	2008	2007
	HK$'000	*HK$'000*
Earnings/(loss)		
Earnings/(loss) attributable to equity holders of the Company for the purpose of the calculation of basic earnings/(loss) per share		
Continuing operations	**1,765**	(6,513)
Discontinued operations	**—**	(822)
	1,765	(7,335)
Number of shares		
Weighted average number of ordinary shares for the purpose of the calculation of basic earnings/(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 2008.

For the period ended 30 September 2007, diluted loss per share is not shown as the potential ordinary shares are anti-dilutive.

7. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited 30 September 2008 *HK$'000*	Audited 31 March 2008 *HK$'000*
Trade receivables *(note (a))*	**2,183**	2,609
Loan receivable *(note (b))*	**107,980**	—
Other receivables	**159**	132
Deposits and prepayments	**670**	914
	110,992	3,655

(a) The Group allows a credit period from nil to 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 2008 *HK$'000*	Audited 31 March 2008 *HK$'000*
Within 30 days	**1,952**	2,513
31 — 60 days	**207**	27
61 — 90 days	**—**	—
Over 90 days	**24**	69
	2,183	2,609

(b) On 7 August 2008, the Group entered into a loan agreement with an independent third party (the "borrower") whereby the Group provided a loan facility of HK$104 million to the borrower for a period of 4 months from the date of drawdown (details are set out in the circular of the Company dated 25 August 2008). The loan was drawdown by the borrower on 8 August 2008. The borrower had paid the Group a non-refundable arrangement fee of 0.8% on the loan amount. The loan is interest bearing at 2% per month and secured by hotel properties namely Tatami Hotel and Hampton Hotel, located in Hong Kong. The loan should be due to be repaid on 7 December 2008. Upon the request of the borrower, the loan is now extended for a further term of 6 months and the interest will be charged on the loan outstanding.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 September 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

Turnover of the Group increased by about 10% when compared with the corresponding period in 2007. Turnover generated from the hotel operations is stable, as the turnover from the hotel operations recorded for the six months ended 30 September 2008 and 30 September 2007 amounted to approximately HK$37.3 million and HK$37.7 million respectively. Increase in turnover was mainly contributed from the loan arrangement fee income and the interest income generated from the loan advanced to an independent third party during the period under review.

As resulted from the decrease of finance costs due to the reduction of interest rate, and the income generated from the loan advanced to the independent third party, the Group recorded a profit of approximately HK$1.7 million for the six months ended 30 September 2008 compared to a loss of approximately HK$7.4 million for the corresponding period in 2007.

BUSINESS REVIEW AND OUTLOOK

The Group mainly focuses on the operation of Mexan Harbour Hotel, a 800-room four-star hotel in Tsing Yi, which has maintained a satisfactory result for the period under review. In addition, the Group has also generated new revenue stream by engaging in the money lending business.

Due to the volatility in the global economic environment, the tourism industry in Hong Kong may be affected. Considering that there still be economic growth in the Mainland China, the management will endeavour to focus on PRC customers and control costs in order to minimize the impact.

Looking forward, the Group will closely monitor the performance of its business and strive to maintain a stable operating results, and it will continue to explore suitable investment opportunities for the Group.

LIQUIDITY AND FINANCIAL INFORMATION

As at 30 September 2008, the Group's total borrowings amounted to approximately HK$525 million (31 March 2008: HK$434 million). The increase of the Group's total borrowings was mainly used for the money lending business. As at 30 September 2008, cash and bank balances amounted to approximately HK$6 million (31 March 2008: HK$8 million). The Group's net assets as at 30 September 2008 amounted to HK$217 million (31 March 2008: HK$215 million).

Gearing ratio of the Group which is expressed as a percentage of total borrowings to shareholders' funds was approximately 242% as at 30 September 2008 compared to approximately 202% as at 31 March 2008.

Of the Group's total borrowings as at 30 September 2008, approximately HK$302 million (57.5%) would be due within one year, approximately HK$15 million (2.9%) would be due in more than one year but not exceeding two years, approximately HK$48 million (9.1%) would be due in more than two years but not exceeding five years and the remaining balance of approximately HK$160 million (30.5%) would be due in more than five years.

The Group's total borrowings were denominated in Hong Kong dollars, and bear a variable interest rate.

The above borrowings 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 2008, the Group had no significant exposure under foreign exchange contracts, interest or currency swaps or other financial derivative.

EMPLOYEE INFORMATION AND EMOLUMENT POLICY

As at 30 September 2008, the total number of employees of the Group was approximately 138 (31 March 2008: 134). Remuneration packages are generally structured by reference to market terms and individual qualifications. The emoluments of the Directors are determined having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration. 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 2008, 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 2008 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.

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 2008 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 Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 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 transactions during the period.

By Order of the Board
Lun Chi Yim
Chairman

Hong Kong, 17 December 2008

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.