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 2011

The board of directors (the "Board") of MEXAN LIMITED (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2011. The results have been reviewed by the Audit Committee. The unaudited condensed consolidated accounts of the Group for the six months ended 30 September 2011 together with the comparative figures for the corresponding previous period are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

		Unaudited Six months ended 30 September	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
Turnover	2	**41,708**	38,002
Direct costs		**(11,420)**	(12,663)
Gross profit		**30,288**	25,339
Other revenues	2	**312**	283
Administrative expenses		**(20,989)**	(20,228)
Profit from operations		**9,611**	5,394
Finance costs	4	**(1,676)**	(1,711)
Profit before taxation		**7,935**	3,683
Taxation	5	**(2,390)**	(1,986)
Profit and total comprehensive income for the period	6	**5,545**	1,697
Attributable to:			
Equity holders of the Company		**5,621**	1,771
Non-controlling interests		**(76)**	(74)
		5,545	1,697
Dividend		**—**	—
Earning per share (cents)	7		
Basic		**0.429**	0.135

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

	Notes	Unaudited 30 September 2011 HK$'000	Audited 31 March 2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**570,667**	579,264
Intangible assets		**5,931**	6,514
Prepaid lease payments		**10,491**	10,641
Club debentures		**1,350**	1,350
		588,439	597,769
Current assets			
Inventories		**200**	194
Prepaid lease payments		**302**	302
Trade and other receivables, deposits and prepayments	*8*	**8,706**	6,225
Loan receivable	*9*	**3,174**	2,863
Tax receivable		**—**	403
Cash and cash equivalents		**19,418**	12,464
		31,800	22,451
Current liabilities			
Other payables, deposits received and accrued charges		**22,839**	16,530
Amount due to directors		**—**	384
Amount due to a minority shareholder		**6,414**	6,414
Dividend payable		**1,515**	1,515
Bank loans		**341,711**	355,141
Tax payable		**1,585**	—
		374,064	379,984
Net current liabilities		**(342,264)**	(357,533)
Total assets less current liabilities		**246,175**	240,236
Non-current liabilities			
Deferred tax liabilities		**7,097**	6,703
		7,097	6,703
Net assets		**239,078**	233,533
EQUITY			
Share capital		**26,218**	26,218
Reserves		**214,017**	208,396
Equity attributable to equity holders of the Company		**240,235**	234,614
Non-controlling interests		**(1,157)**	(1,081)
Total equity		**239,078**	233,533

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 2011, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("HK(IFRIC)"), which are effective for the current period's unaudited condensed consolidated interim financial statements.

HKFRSs (Amendments)	Improvement to HKFRSs 2010
HK (IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures
Amendments to HKFRS 7	Disclosure — Transfers of Financial Assets

The Group has not early applied the following new and revised standards, amendments or interpretations which have been issued but are not yet effective:

HKFRSs (Amendments)	Improvement to HKFRSs 2010[1&2]
HK (IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
Amendments to HKFRS 7	Disclosure — Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]

Effective date

1 Effective for annual periods beginning on or after 1 July 2010
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2013

2. TURNOVER

Turnover is the Group's revenue, which represents the service provided, net of rebates and discounts. An analysis of the Group's turnover and other revenue are as follows:

	Unaudited Six months ended 30 September **2011** ***HK$'000***	 2010 *HK$'000*
Turnover		
Hotel operations and management services	**41,708**	38,002
Other revenues		
Loan interest income and arrangement fee income less costs for recovery	**311**	282
Bank interest income	**1**	1
	312	283
Total revenues	**42,020**	38,285

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Hotel operation business
- Money lending business

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Corporate expenses, assets and liabilities are not allocated to the reportable segments as they are not included in the measure of the segments' profit, assets and liabilities that is used by the chief operating decision-makers for assessment of segment performance.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

For the six months ended 30 September 2011 (Unaudited)

	Hotel operation business	**Money lending business**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
REVENUE	**41,708**	**311**	**42,019**
RESULT			
Segment profit (loss)	**9,415**	**236**	**9,651**
Unallocated operating income			**1**
Unallocated expenses			**(1,717)**
Profit before tax			**7,935**

For the six months ended 30 September 2010 (Unaudited)

	Hotel operation business	Money lending business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
REVENUE	38,002	282	38,284
RESULT			
Segment profit (loss)	6,832	(507)	6,325
Unallocated operating income			1
Unallocated expenses			(2,643)
Profit before tax			3,683

4. FINANCE COSTS

Finance costs comprise the following:

	Unaudited Six months ended 30 September 2011 *HK$'000*	2010 *HK$'000*
Interest on bank loans not wholly payable within five years	**823**	500
Interest on bank loans wholly payable within five years	**822**	1,196
Total borrowing costs incurred	**1,645**	1,696
Bank charges	**31**	15
	1,676	1,711

5. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) 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 statement of comprehensive income represents:

	Unaudited Six months ended 30 September 2011 *HK$'000*	2010 *HK$'000*
Current year tax charge	**1,996**	—
Deferred tax charge	**394**	1,986
	2,390	1,986

6. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

Profit for the period is stated after charging the following:

	Unaudited Six months ended 30 September 2011 *HK$'000*	2010 *HK$'000*
Staff costs	**10,854**	9,563
Depreciation of property, plant and equipment	**8,630**	8,647
Amortisation of intangible assets	**583**	583
Release of prepaid lease payments to profit or loss	**151**	151

7. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the following data:

	Unaudited Six months ended 30 September 2011 *HK$'000*	2010 *HK$'000*
Earnings		
Earnings attributable to equity holders of the Company for the purpose of the calculation of basic earnings per share	**5,621**	1,771
Number of shares		
Weighted average number of ordinary shares for the purpose of the calculation of basic earnings 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 2011 and 30 September 2010.

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited 30 September 2011 *HK$'000*	Audited 31 March 2011 *HK$'000*
Trade receivables *(note (a))*	**8,136**	5,249
Less: allowance for doubtful debts	**(19)**	(19)
	8,117	5,230
Other receivables	**—**	80
Deposits and prepayments	**589**	915
	8,706	6,225

(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 following is an ageing analysis of trade receivables, net of allowances, at the end of the reporting period:

	Unaudited 30 September 2011 *HK$'000*	Audited 31 March 2011 *HK$'000*
Within 30 days	**7,428**	4,786
31 - 60 days	**242**	156
61 - 90 days	**405**	261
Over 90 days	**42**	27
	8,117	5,230

9. LOANS RECEIVABLE

	Unaudited 30 September 2011 *HK$'000*	Audited 31 March 2011 *HK$'000*
Facilities	**2,700**	2,700
Interest receivables less costs for recovery	**474**	163
	3,174	2,863

At 30 September 2011, the effective interest rate ranged from 1.5% to 2% per month.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 September 2011 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group mainly focuses on the operation of Mexan Harbour Hotel, a 800-room four-star hotel in Tsing Yi. For the six months ended 30 September 2011, the Group recorded a turnover of approximately HK$42 million (2010: HK$38 million) generated from hotel operations. Resulted from rising number of in bound tours and visitors, increased average room rate and improved hotel room occupancy rate had led to the increase in turnover.

The profit before tax for the period was HK$7.9 million (2010: HK$3.7 million), representing a increase of 115% as compared with the corresponding period in last year. Despite there had been growth in the results from hotel operation, the loan interest income generated from the non-recurring money lending business has dropped significantly. The interest earned from a loan to a third party during the period was HK$0.3 million (2010: HK$0.3 million).

Although the group generated profit in the current period, however, the group recorded a loss from the hotel operation from previous years, therefore the group still need to put effort in order to maximize the shareholders' wealth.

Looking forward, the hotel market in Hong Kong will continue to benefit from the improved number of visitors of Hong Kong and the gradual recovery of the long-haul markets. The management will closely monitor any future fluctuations and uncertainties of the market, continues optimizing its earnings, implementing strict cost controls and keep on improving their quality of services to customers. The Directors remain fully confident of the development of its businesses in the medium to long term prospects of the Group.

LIQUIDITY AND FINANCIAL INFORMATION

As at 30 September 2011, the Group's total borrowings amounted to approximately HK$342 million (31 March 2011: HK$355 million). As at 30 September 2011, cash and bank balances amounted to approximately HK$19 million (31 March 2011: HK$12 million). The Group's net assets as at 30 September 2011 amounted to approximately HK$239 million (31 March 2011: HK$234 million).

Gearing ratio of the Group which is expressed as a percentage of total borrowings to shareholders' funds was approximately 143% as at 30 September 2011 compared to approximately 152% as at 31 March 2011.

Of the Group's total borrowings as at 30 September 2011, approximately HK$170 million (50%) would be due within one year, approximately HK$17 million (5%) would be due in more than one year but not exceeding two years, approximately HK$52 million (15%) would be due in more than two years but not exceeding five years and the remaining balance of approximately HK$102 million (30%) 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 2011, 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 2011, the total number of employees of the Group was approximately 127 (31 March 2011: 129). Remuneration packages are generally structured by reference to market terms and individual qualifications. The emoluments of the Directors are determined having regard to the 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 that 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 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the applicable code provisions set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2011 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 2011 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 has 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 its code of conduct regarding directors' securities transactions during the six months ended 30 September 2011.

By Order of the Board
MEXAN LIMITED
Lun Chi Yim
Chairman

Hong Kong, 25 November 2011

As at the date of this announcement, the Executive Directors are Mr. Lun Chi Yim, Mr. Lun Yiu Kay Edwin, Ms. Suen Chui Fan 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.