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# MEXAN LIMITED

## 茂盛控股有限公司\*

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

### CONTINUING CONNECTED TRANSACTION

On 18 September 2006, MRL, an indirect wholly owned subsidiary of Mexan Limited, entered into the Tenancy Agreement with MIL in respect of the renewal of the tenancy agreement dated 30 September 2003 for the lease of the Premises.

MIL is beneficially owned as to 95% by Mr. Lau, an executive Director and the chairman and controlling shareholder of the Company, and hence a connected person of the Company under the Listing Rules. Accordingly, the Tenancy Agreement between MRL and MIL constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

#### TENANCY AGREEMENT

The particulars of the tenancy agreement (the "Tenancy Agreement") are set out below:

Date of the agreement	:	18 September 2006
Parties to the agreement	:	Mexan International Limited ("MIL") as landlord Mexan Resources Limited ("MRL"), an indirect wholly owned subsidiary of Mexan Limited ("Mexan" or the "Company"), Mexan and its subsidiaries are referred as "Mexan Group"), as tenant
Premises	:	Part of 16th Floor (approximately 6,000 sq.ft.), Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong together with the furniture, fixtures, fittings, equipment and household effects and all the carparks nos. 3, 4 and 5 on the 3rd Floor of the said building (the "Premises")
Use of Premises	:	For use as offices
Term	:	3 years commencing from 1 October 2006 and expiring on 30 September 2009 (both days inclusive)
Rent	:	HK\$160,000 per month (inclusive of management fee, rates and government rent and all charges for gas, water and electricity)
Annual consideration	:	HK\$1,920,000

#### CAPS

The annual consideration includes the management fee, rates and government rent and all charges for gas, water and electricity, to be paid in cash in advance on a monthly basis. The aggregate annual rental for the Tenancy Agreement for each of the three years ended 31 March 2009 will be approximately HK\$1,920,000. The rent was determined on an arm's length negotiation based on prevailing market rates.

#### REASONS FOR THE TRANSACTION

The Tenancy Agreement is a renewal of existing tenancy agreement (already disclosed in the Company's announcement dated 2 October 2003). The entering into the Tenancy Agreement allows the Mexan Group to use the Premises as their offices.

The directors of the Company (the "Directors") (including independent non-executive Directors) are of the view that the Tenancy Agreement and the terms therein are on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and that it was entered in the ordinary and usual course of business of Mexan Group after due negotiations and on arm's length basis with reference to the prevailing market conditions.

#### REGULATORY ASPECTS

MIL is beneficially owned as to 95% by Mr. Lau Kan Shan ("Mr. Lau"), an executive Director and the chairman and controlling shareholder of the Company, and hence a connected person of the Company under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Accordingly, the Tenancy Agreement between MRL and MIL constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules. As each of the applicable ratios on an annual basis is less than 2.5%, the transaction is only subject to reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

Particulars of the Tenancy Agreement will be disclosed in future annual reports and accounts of the Company in accordance with Rule 14A.46 of the Listing Rules.

#### GENERAL

The Mexan Group's principal businesses are property investment, hotel operation, investment holding and toll road operation.

MRL is an indirect wholly owned subsidiary of the Company. Its principal business is provision of management services to the Mexan Group.

MIL is beneficially owned as to 95% by Mr. Lau, an executive Director and the chairman and controlling shareholder of the Company. Its principal business is property holding.

By Order of the Board  
**Tse On Kin**  
Managing Director

Hong Kong, 20 September 2006

As at the date of this announcement, the executive Directors are Mr. Lau Kan Shan, Mr. Tse On Kin and Ms. Ching Yung and the independent non-executive Directors are Mr. Chan Wai Dune, Mr. Lau Wai and Mr. Tong Kwai Lai.

\* For identification purposes only