



MEXAN LIMITED

茂盛控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 22)

MEXAN GROUP LIMITED

(Incorporated in the British Virgin Islands with limited liability)

INVENTIVE LIMITED

(Incorporated in Bermuda with limited liability)

WINLAND WEALTH (BVI) LIMITED

(Incorporated in the British Virgin Islands with limited liability)

Financial adviser to Mexan Group Limited



SOMERLEY LIMITED

Financial adviser to Winland Wealth (BVI) Limited



BOCI Asia Limited

Independent financial adviser to Mexan Limited and Inventive Limited

Hercules

Hercules Capital Limited

**PROPOSED GROUP REORGANISATION FOR MEXAN LIMITED,
PROPOSED SPECIAL CASH DIVIDEND BY MEXAN LIMITED,
POSSIBLE VOLUNTARY UNCONDITIONAL CASH OFFER FOR THE SHARES IN INVENTIVE LIMITED,
DISPOSAL OF THE CONTROLLING SHAREHOLDING IN MEXAN LIMITED,
POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER FOR THE SHARES IN MEXAN LIMITED
AND
RESUMPTION OF TRADING IN THE SHARES IN MEXAN LIMITED**

Group Reorganisation

At the request of the Vendor (being the existing controlling Shareholder), the Board will put forward for the Shareholders' consideration a proposal for the Group Reorganisation pursuant to which:

- (i) the Company will continue to be a publicly listed company and the Remaining Group will be carrying on the Group's business of hotel investment and operation (being the Remaining Business);
- (ii) the Inventive Group will be carrying on the Group's businesses of toll road operation and management as well as investment holding (being the Distributed Businesses); and
- (iii) the Inventive Shares will be distributed in specie to the Shareholders whose names appear on the branch register of members of the Company on the Record Date on the basis of one Inventive Share for every Share held.

No application will be made for the listing of the Inventive Shares on the Stock Exchange or any other stock exchange.

Completion of the Group Reorganisation will be conditional on approval by the Independent Shareholders and completion of the Share Sale Agreement.

The Board considers that the Group Reorganisation, the Privateco Offer and the Mexan Offer altogether provide alternatives to the Shareholders to either divest all their investment in the Company or retain some or all of their investment through holding interests in the Company, Inventive or both companies.

Special Cash Dividend

The Company will distribute the Special Cash Dividend to the Shareholders whose names appear on the branch register of members of the Company on the Record Date on the following basis, subject to approval by the Independent Shareholders and completion of the Share Sale Agreement:

— for each Share held **HK\$0.06865 in cash**

Possible voluntary unconditional cash offer for the Inventive Shares

After completion of the Group Reorganisation, Somerley will, on behalf of the Vendor and pursuant to the Takeovers Code, make a voluntary unconditional cash offer to the Inventive Shareholders to acquire all the Inventive Shares other than those already held by the Vendor and parties acting in concert with it on the following basis:

— for each Inventive Share held * **HK\$0.30 in cash**

* The number of Inventive Shares to be in issue will be equal to the total number of Shares in issue on the Record Date.

Share Sale Agreement and possible mandatory unconditional cash offer for the Shares

On 2 January 2007, the Vendor has entered into the Share Sale Agreement (as amended and supplemented by a supplemental agreement dated 6 February 2007) with, inter alia, the Offeror pursuant to which and subject to, inter alia, approval by the Independent Shareholders of the Group Reorganisation and the Special Cash Dividend, the Offeror agreed to acquire 964,548,303 Shares from the Vendor, representing approximately 73.58% of the existing issued share capital of the Company, for an aggregate consideration of HK\$102,917,303.93, equivalent to approximately HK\$0.1067 per Share.

Subject to Completion, BOCI will, on behalf of the Offeror and pursuant to the Takeovers Code, make a mandatory unconditional cash offer to the Shareholders to acquire all the Shares other than those already held or agreed to be acquired by the Offeror and parties acting in concert with it on the following basis:

— for each Share held **HK\$0.1067 in cash**

WARNING: THE MAKING OF EACH OF THE MEXAN OFFER AND THE PRIVATECO OFFER IS SUBJECT TO A NUMBER OF CONDITIONS AND IS A POSSIBILITY ONLY. AS EACH OF THE MEXAN OFFER AND THE PRIVATECO OFFER MAY OR MAY NOT PROCEED, INVESTORS AND SHAREHOLDERS ARE URGED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.

SGM

The SGM will be held to consider and, if thought fit, approve the resolution(s) in respect of the Proposal. The Vendor, the Offeror, their respective associates and parties acting in concert with each of the Vendor and the Offeror (including the Directors) will abstain from voting on such resolution(s), which will be taken on a poll at the SGM.

Suspension and resumption of trading in the Shares

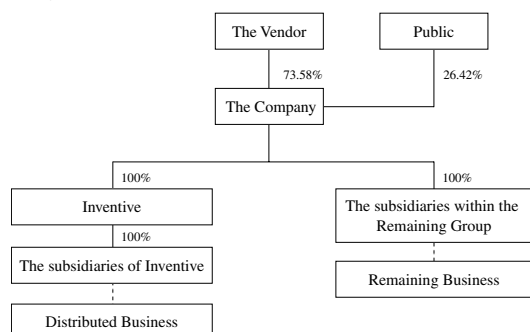
At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 3 January 2007 pending release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 21 February 2007.

GROUP REORGANISATION

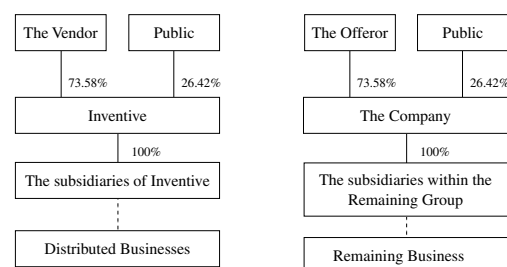
At the request of the Vendor (being the existing controlling Shareholder), the Board will put forward for the Shareholders' consideration a proposal for the Group Reorganisation. Pursuant to the Group Reorganisation, (i) the Company will continue to be a publicly listed company and the Remaining Group will be carrying on the Group's business of hotel investment and operation (being the Remaining Business); (ii) the Inventive Group will be carrying on the Group's businesses of toll road operation and management as well as investment holding (being the Distributed Businesses); and (iii) the Inventive Shares will be distributed in specie to the Shareholders whose names appear on the branch register of members of the Company on the Record Date on the basis of one Inventive Share for every Share held.

Group structure

Set out below is the Group structure (in simplified form) as at the date of this announcement and immediately before completion of the Group Reorganisation:



Set out below are the structures of the Inventive Group and the Remaining Group immediately after completion of each of the Group Reorganisation and the Share Sale Agreement but before the making of the Privateco Offer and the Mexan Offer:



Proposed distribution in specie of the Inventive Shares

As part of the Group Reorganisation, it is expected that (i) debts owed by subsidiaries of Inventive to the Company will be assigned by the Company to Inventive; and (ii) any debt owed by Inventive to the Company will be capitalised by Inventive, both of which shall be determined by reference to the relevant balances in their respective management accounts as at the date of completion of the Group Reorganisation. In consideration for such debt assignment and debt capitalisation, Inventive will allot and issue such number of Inventive Shares to the Company, which will result in the number of Inventive Shares in issue equal to the number of Shares in issue on the Record Date. The Company will then distribute all of its Inventive Shares in specie out of its retained earnings to the Shareholders whose names appear on the branch register of members of the Company on the Record Date on the following basis:

— for each Share held **one Inventive Share**

In the event that the Privateco Offer proceeds, it is intended that it will be a condition of the issue of the Inventive Shares that the share certificates of Inventive will be posted only to the Shareholders who do not accept the Privateco Offer so that the despatch of the share certificates to the Inventive Shareholders could be managed in an efficient manner.

The Inventive Shares when issued will rank *pari passu* in all respects with each other. No application will be made for the listing of the Inventive Shares on the Stock Exchange or any other stock exchange.

Conditions to the Group Reorganisation

Completion of the Group Reorganisation will be conditional upon:

- (i) the passing of the resolution(s) approving the Group Reorganisation by the Independent Shareholders at the SGM; and
- (ii) completion of the Share Sale Agreement.

The Group Reorganisation will be considered at the SGM as part and parcel of the Proposal. The Vendor, the Offeror, their respective associates and parties acting in concert with each of the Vendor and the Offeror (including the Directors) will abstain from voting on the relevant resolution, which will be taken on a poll at the SGM. Neither of the above conditions can be waived.

Completion of the Group Reorganisation

The Group Reorganisation shall become effective upon fulfilment of the conditions precedent thereto set out above.

Reasons for the Group Reorganisation

After arm's length negotiations among the parties to the Share Sale Agreement, the Offeror agreed to acquire from the Vendor its entire holding of approximately 73.58% interest in the Company conditional upon, among other things, approval by the Independent Shareholders of the Group Reorganisation. Accordingly, in order to facilitate Completion, the Vendor has requested the Board to put forward for the Shareholders' consideration a proposal for the Group Reorganisation. The Directors consider that it is in the interest of the Shareholders for them to be provided with the opportunity to consider and, if thought fit, approve the relevant resolution for the Group Reorganisation as part and parcel of the Proposal at the SGM.

The Privateco Offer, which will be made after completion of the Group Reorganisation, will provide a cash alternative to the Shareholders allowing them to readily realise their holdings of the Inventive Shares following completion of the Group Reorganisation. In the event that the Shareholders wish to continue to invest in the Distributed Businesses after completion of the Group Reorganisation, they can choose not to accept the Privateco Offer and continue to hold the Inventive Shares, but should be aware there will be no liquid market for them and they will be subject to the possible compulsory acquisition under the Companies Act 1981 of Bermuda if sufficient Inventive Shares are acquired under the Privateco Offer.

Upon Completion, the Offeror together with parties acting in concert with it will be obliged to make the Mexan Offer under the Takeovers Code. The Mexan Offer price will be the same as the price per Sale Share under the Share Sale Agreement.

The Board considers that the Group Reorganisation, the Privateco Offer and the Mexan Offer altogether provide alternatives to the Shareholders to either divest all their investment in the Company or retain some or all of their investment through holding interests in the Company, Inventive or both companies. As such, the Directors consider that the Group Reorganisation is in the interest of the Shareholders as a whole.

Further details regarding the Group Reorganisation including the proposed distribution in specie of the Inventive Shares will be included in the Circular.

SPECIAL CASH DIVIDEND

As part and parcel of the Proposal, the Special Cash Dividend will be considered at the SGM. The Vendor, the Offeror, their respective associates and parties acting in concert with each of the Vendor and the Offeror (including the Directors) will abstain from voting on the relevant resolution, which will be taken on a poll at the SGM.

Subject to approval by the Independent Shareholders of the Special Cash Dividend and completion of the Share Sale Agreement, the Company will distribute the Special Cash Dividend to the Shareholders whose names appear on the branch register of members of the Company on the Record Date on the following basis:

— for each Share heldHK\$0.06865 in cash

Save for the proposed distribution in specie of the Inventive Shares pursuant to the Group Reorganisation and the Special Cash Dividend, the Company has not formulated any future dividend policy.

The Board considers that the Special Cash Dividend is in the interest of the Shareholders taking into account the merits of the Group Reorganisation, the Privateco Offer and the Mexan Offer as discussed under the sub-section headed "Reasons for the Group Reorganisation" above.

PRIVATECO OFFER

Based on the current shareholding structure of the Company, the Vendor will be directly interested in a total of 964,548,303 Inventive Shares, representing approximately 73.58% of the issued share capital of Inventive immediately upon completion of the Group Reorganisation. Given that the Inventive Shares will not be listed on the Stock Exchange or any other stock exchange upon completion of the Group Reorganisation and will therefore be difficult to be liquidated, the Vendor considers that it is appropriate to provide the Inventive Shareholders with an opportunity to realise their holdings of the Inventive Shares by making the Privateco Offer on a voluntary basis pursuant to the Takeovers Code.

After completion of the Group Reorganisation, Somerley will, on behalf of the Vendor and pursuant to the Takeovers Code, make a voluntary unconditional cash offer to the Inventive Shareholders to acquire all the Inventive Shares other than those already held by the Vendor and parties acting in concert with it on the following basis:

— for each Inventive Share held *HK\$0.30 in cash

* The number of Inventive Shares to be in issue will be equal to the total number of Shares in issue on the Record Date.

The making of the Privateco Offer is subject to a pre-condition (i.e. completion of the Group Reorganisation) being fulfilled.

The making of the Privateco Offer is a possibility only and it may or may not proceed. In the event that the Privateco Offer is made, it will be an unconditional offer.

As at the date of this announcement, the Vendor has not received any indication or irrevocable commitment from any Shareholder that it will accept or reject the Privateco Offer.

The Inventive Shares subject to the Privateco Offer will be acquired by the Vendor with the right to receive all dividends and distributions declared, paid or made on or after the date of the issue of the Inventive Shares and free from all third party rights.

As at the date of this announcement, Inventive has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Inventive Shares. The Vendor and parties acting in concert with it have not entered into any agreements in relation to the issue of any convertible securities, options, warrants or derivatives of Inventive.

The Vendor confirms that there are no other arrangements (whether by way of option, indemnity or otherwise) in relation to the Inventive Shares and which might be material to the Privateco Offer.

The Vendor further confirms that there are no other agreements or arrangements to which the Vendor is party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Privateco Offer.

Since Inventive is a company incorporated in Bermuda and its register of members is located and maintained there, no Hong Kong stamp duty is payable on any transfer of the Inventive Shares.

The Privateco Offer price has been determined after taking into account the underlying assets and liabilities of the Inventive Group as at 30 September 2006.

On the basis that 1,310,925,244 Inventive Shares are expected to be in issue upon completion of the Group Reorganisation, the Privateco Offer values the entire issued share capital of Inventive at approximately HK\$393.3 million. Assuming completion of the Group Reorganisation and based on 964,548,303 Inventive Shares (representing approximately 73.58% of the share capital of Inventive expected to be in issue) to be beneficially owned by the Vendor, 346,376,941 Inventive Shares (representing approximately 26.42% of the share capital of Inventive expected to be in issue) will be subject to the Privateco Offer and such Inventive Shares are valued at approximately HK\$103.9 million.

Somerley, the financial adviser to the Vendor, is satisfied that sufficient financial resources are available to the Vendor to satisfy full acceptance of the Privateco Offer, on the basis that the Vendor will finance the aggregate cash consideration for the Privateco Offer of approximately HK\$103.9 million from the proceeds received from (i) the Consideration; and (ii) its entitlement to the Special Cash Dividend of approximately HK\$66.2 million.

Subject to sufficient Inventive Shares being acquired, pursuant to sections 102 and 103 of the Companies Act 1981 of Bermuda, the Vendor intends to avail itself of the right to compulsorily acquire the remaining Inventive Shares not already acquired under the Privateco Offer. Under section 102 of the Companies Act 1981 of Bermuda, the relevant threshold will be the Vendor receiving acceptances from the Inventive Shareholders representing 90% of the Inventive

Shares subject to the Privateco Offer provided that if the Vendor already holds over 10% of the Inventive Shares, the acceptances must also represent 75% in number of the Inventive Shareholders accepting the Privateco Offer. Under section 103 of the Companies Act 1981 of Bermuda, the Vendor can compulsorily acquire the Inventive Shares of the remaining Inventive Shareholders once it holds 95% of all issued Inventive Shares. Further announcements will be made about the exercise of such compulsory acquisition or redemption rights.

Save for any entitlements to receive Inventive Shares pursuant to the Group Reorganisation, none of the Vendor and parties acting in concert with it holds any securities in Inventive. None of the Vendor and parties acting in concert with it deal in any securities in Inventive during the six-month period immediately preceding 17 November 2006 (being the date of commencement of the offer period for the Privateco Offer as defined in the Takeovers Code).

Background of the Vendor and its intentions regarding Inventive

The Vendor is a company incorporated in the BVI with limited liability and is beneficially and wholly-owned by Mr. Lau. Mr. Lau is also a director of the Vendor.

Mr. Lau is currently the chairman of the Company and an executive Director. He has worked in various trading companies in the PRC for approximately eight years before he started his own trading business in Hong Kong in the 1980s. Mr. Lau is currently engaged in a wide variety of businesses including PRC highway investment, highway infrastructure construction and related businesses, real estate investment and financial services.

It is the intention of the Vendor that the Inventive Group will not make changes to its principal businesses nor conduct any business other than the Distributed Businesses. It is also the intention of the Vendor that the Inventive Group will not hold any assets other than those relating to the Distributed Businesses, nor be injected any major assets, nor dispose of any major assets, after the close of the Privateco Offer, unless prior approval by the Inventive Shareholders has been obtained. Interests of the Inventive Shareholders will be safeguarded by the new bye-laws of Inventive, which will contain provisions substantially required under the Listing Rules in respect of listed issuers. A summary of key terms of the new bye-laws of Inventive will be included in the Circular.

Though there is no intention for the Inventive Group to conduct any fund raising activities including rights issues, the Inventive Group may require further funding from the Inventive Shareholders for the development of its businesses in the future.

As at the date of this announcement, the board of directors of Inventive comprises all of the three existing executive Directors, namely Mr. Lau, Mr. Tse On Kin and Ms. Ching Yung. None of the independent non-executive Directors has been appointed as a director of Inventive. Upon the close of the Privateco Offer, the composition of the board of directors of Inventive may change. Further announcements will be made in this regard as and when appropriate.

FINANCIAL INFORMATION ON THE GROUP

Set out below is a summary of the Group's audited consolidated income statements for each of the two years ended 31 March 2005 and 2006:

	2006 HK\$'000	2005 HK\$'000
Turnover	171,485	104,129
Loss before taxation	109,551	127,379
Loss attributable to Shareholders	108,876	132,625

Set out below is a summary of the Group's unaudited consolidated income statements for each of the six months ended 30 September 2005 and 2006 extracted from the interim report of the Company for the six months ended 30 September 2006:

	2006 HK\$'000	2005 HK\$'000
Continuing operations		
Turnover	119,853	38,122
Loss before taxation	44,670	4,333
Loss from continuing operations	44,665	6,187
Discontinued operation		
Loss from discontinued operation	—	56,637
Loss attributable to Shareholders	44,665	62,824

The unaudited consolidated net asset value of the Group as at 30 September 2006 was approximately HK\$1,229.1 million, representing approximately HK\$0.9376 per Share based on 1,310,925,244 Shares in issue.

Set out below is the relevant financial information extracted from the audited financial statements of City Promenade (which is expected to be the principal operating subsidiary of the Company upon completion of the Group Reorganisation):

	For the year ended 31 March	
	2006 HK\$'000	2005 HK\$'000
Turnover	75,293	19,105
Loss before taxation	10,971	8,725
Net loss for the year	13,610	6,087
As at 31 March		
	2006 HK\$'000	2005 HK\$'000
Total assets	704,607	715,088
Net liabilities	(19,717)	(6,107)
<i>Add:</i> Amount due to intermediate holding company	265,899	390,466
Adjusted net assets	246,182	384,359

SHARE SALE AGREEMENT

Date

2 January 2007 (as amended and supplemented by a supplemental agreement dated 6 February 2007)

Parties

- (i) Mexan Group Limited, as vendor
- (ii) Mr. Lau, as Vendor's guarantor
- (iii) The Offeror, as purchaser
- (iv) Winland Enterprises, as purchaser's guarantor

Subject matter of the sale and purchase

The Sale Shares, being all 964,548,303 Shares held by the Vendor, representing approximately 73.58% of the existing issued share capital of the Company.

Consideration

HK\$102,917,303.93, equivalent to approximately HK\$0.1067 per Share, payable in cash as follows:

- (i) a deposit of HK\$41,000,000 has been paid to the Vendor upon signing of the Share Sale Agreement; and
- (ii) the remaining balance of HK\$61,917,303.93 shall be paid by the Offeror to the Vendor at Completion.

Pursuant to the supplemental agreement dated 6 February 2007 entered into among the same parties to the Share Sale Agreement, it is agreed that the payment method for the remaining balance of the consideration of HK\$61,917,303.93 shall be by way of telegraphic transfer to a designated bank account specified by the Vendor in the aforesaid supplemental agreement.

The Consideration has been arrived at after arm's length negotiations among the parties to the Share Sale Agreement taking into account that the Group would only have the Remaining Business after the Group Reorganisation.

Conditions precedent

Completion is conditional upon:

- (i) the Shares remaining listed and traded on the Stock Exchange at all times from the date of the Share Sale Agreement, save for any temporary suspension not exceeding 14 consecutive trading days (except for temporary (not prolonged) suspension for the purpose of clearing the announcement regarding the Share Sale Agreement and the transactions contemplated thereunder), or such longer period as the Purchaser may accept in writing, and the Stock Exchange not having indicated that it will or may impose conditions on such listing as a result of or in connection with the Share Sale Agreement or the transactions contemplated thereunder;
- (ii) the Company not having received any written notice or indication from the Stock Exchange that the listing of the Shares on the Stock Exchange will be withdrawn or objected to as a result of completion of the Group Reorganisation or the Completion or in connection with the terms of the Share Sale Agreement;
- (iii) the passing of resolutions by the Independent Shareholders approving the Group Reorganisation and the Special Cash Dividend and the transactions contemplated thereunder;

- (iv) as at Completion no member of the Remaining Group being a party to any litigation, arbitration or prosecutions or to any other legal or contractual proceedings or hearings before any statutory, regulatory or governmental body, department, board or agency or to any disputes or to the subject of any investigation by any authority and no litigation, arbitration, prosecutions or other legal or contractual proceedings or disputes or hearings or investigations are threatened or pending either by or against any member of the Remaining Group and there are no facts or circumstances, subsisting which will give rise to any such litigation, arbitration, prosecution, proceeding, investigation, hearing or to any dispute or to any payment and there are no unfulfilled or unsatisfied judgment or court orders against any member of the Remaining Group which, involve claims exceeding HK\$10,000,000 in aggregate and each individual claim exceeding HK\$500,000;
- (v) delivery to the Offeror of a written confirmation issued by a branch of a designated bank in the PRC and a computer confirmation from such branch both on the date which is no earlier than two business days but before the Completion Date confirming that no corporate guarantee or other security is given by any member of the Remaining Group to such branch for the benefit of or in connection with any liability of any member of the Group (including members of the Remaining Group) as at the date of such confirmation;
- (vi) delivery to the Offeror of a written confirmation from the Bank (as defined below) dated no earlier than two business days but before the Completion Date confirming that the outstanding principal amount of the Bank Loan (as defined below) does not exceed HK\$388,898,164.42 as at the date of such confirmation;
- (vii) apart from the Bank Loan and the Winland Loan (as defined below), the aggregate outstanding principal amount of which does not exceed HK\$440 million, the operating payables for the business of the Hotel and liabilities in relation to outstanding professional fees, the Remaining Group not having any other liabilities as at Completion;
- (viii) as at Completion, the Remaining Group having cash of not less than HK\$500,000 and the Properties, fixtures, plant, equipment, chattels, furnitures and receivables in relation to the Properties as shown in the relevant accounts as at 30 September 2006 in respect of City Promenade;
- (ix) delivery to the Offeror of copies of receipts from a designated landlord in respect of a property in Hong Kong (which has been leased by a member of the Inventive Group and the obligations under which are guaranteed by the Company) showing that all amounts outstanding under the relevant tenancy agreement have been fully paid; and that such tenancy agreement has been validly, unconditionally and effectively terminated; and that the corporate guarantee given by the Company in respect of such tenancy agreement has been validly, unconditionally and effectively released and discharged before the Completion Date; and
- (x) delivery to the Offeror of a written confirmation from another designated bank in Hong Kong confirming that all outstanding indebtedness (which has been settled in full as at the date of this announcement) owed by the Group to such bank has been settled in full and the corporate guarantee given by the Company in respect of such bank borrowings has been validly, unconditionally and effectively released prior to the Completion Date.

The Offeror may waive all the conditions precedent to the Share Sale Agreement (except for condition (iii)) at any time before Completion by notice in writing. If any of such conditions shall not have been fulfilled or waived by the Offeror (as the case may be) on or before 30 June 2007 (or such later date(s) as the parties to the Share Sale Agreement may agree in writing), the Share Sale Agreement shall lapse and be of no further effect and no party to the Share Sale Agreement shall have any claim against or liability or obligation to the other parties to the Share Sale Agreement, save in respect of antecedent breaches, except that the deposit of HK\$41,000,000 will be refunded by the Vendor to the Offeror without interest.

Completion

Completion shall take place on the same day on which the condition precedent to the Share Sale Agreement last to be fulfilled (save for conditions (v) and (vi) above which are to be fulfilled as stated thereunder and/or waived (as the case may be)) is fulfilled or waived (as the case may be) or such other date as the parties may agree in writing.

MEXAN OFFER

Upon Completion, the Offeror together with parties acting in concert with it will hold 964,548,303 Shares, representing approximately 73.58% of the existing issued share capital of the Company. Subject to Completion, BOCI will, on behalf of the Offeror and pursuant to the Takeovers Code, make a mandatory unconditional cash offer to the Shareholders to acquire all the Shares other than those already held or agreed to be acquired by the Offeror and parties acting in concert with it on the following basis:

— for each Share held HK\$0.1067 in cash

The Mexan Offer price is the same as the price per Sale Share under the Share Sale Agreement.

The making of the Mexan Offer is subject to a pre-condition (i.e. Completion) being fulfilled.

The making of the Mexan Offer is a possibility only and it may or may not proceed. In the event that the Mexan Offer is made, it will be an unconditional offer.

Based on the Company's existing issued share capital of 1,310,925,244, the Mexan Offer values the entire issued share capital of the Company at approximately HK\$139.9 million. Excluding the 964,548,303 Shares which will be held by the Offeror and parties acting in concert with it upon Completion, 346,376,941 Shares (representing approximately 26.42% of the existing issued share capital of Company) will be subject to the Mexan Offer and the value of the Mexan Offer will amount to approximately HK\$37.0 million. BOCI is satisfied that the Offeror has sufficient financial resources available to it to satisfy full acceptance of the Mexan Offer.

As at the date of this announcement, the Offeror has not received any indication or irrevocable commitment from any Shareholders that it will accept or reject the Mexan Offer.

The Shares subject to the Mexan Offer will be acquired ex-entitlements to the proposed distribution in specie of the Inventive Shares pursuant to the Group Reorganisation and the Special Cash Dividend but cum the right to receive all dividends or distributions declared, paid or made on or after the date of the Share Sale Agreement and free from all third party rights attaching thereto on or after that date.

The ad valorem stamp duty payable by the accepting Shareholders in connection with the acceptance of the Mexan Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the consideration will be payable by the accepting Shareholders and will be deducted by the Offeror from the consideration payable on acceptance of the Mexan Offer. The Offeror will then pay the stamp duty on behalf of the accepting Shareholders.

As at the date of this announcement, the Company has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares. The Offeror and parties acting in concert with it have not entered into any agreements in relation to the issue of any convertible securities, options, warrants or derivatives of the Company.

The Offeror confirms that there are no other arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares and which might be material to the Mexan Offer.

The Offeror further confirms that there are no other agreements or arrangements to which the Offeror is party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Mexan Offer.

Background of the Offeror and its intentions regarding the Company

The Offeror, a company incorporated in the BVI on 29 November 2006, was established solely for the purpose of the acquisition of the Sale Shares. Mr. Lun is the sole director and ultimate sole shareholder of the Offeror.

Mr. Lun, aged 73, is an experienced real property investor in Hong Kong since the 1970's. Mr. Lun is a graduate in the Civil Engineering Department of the South China University of Technology in 1957 and has been a Guest Professor of the South China University of Technology since 2001. He is the Permanent Honorary President of the Hong Kong Real Estate Association General Association Limited and an honorary citizen of the city of Lo Din in Guangdong Province of the PRC.

Mr. Lun is the founder of the Winland group of companies established in Hong Kong (the "Winland Group") which are principally engaged in the businesses of property investment, money lending (only on security of immovable properties or listed company shares) and the provision of hotel and property management services. Mr. Lun also engages in various infrastructure investments in the PRC through joint ventures.

As at the date of this announcement, none of the Offeror and parties acting in concert with it held any securities in the Company. Save for the entering into of the Share Sale Agreement, none of the Offeror and parties acting in concert with it has dealt in any securities in the Company during the period commencing on the date falling six months prior to 17 November 2006 (being the date of commencement of the offer period for the Mexan Offer as defined in the Takeovers Code) and up to the date of this announcement.

Following the close of the Offer, the Offeror intends to continue the Remaining Business and will regularly review the Remaining Group's business activities and explore further business investment opportunities. The Offeror has no intention to discontinue the employment of the employees (save for a possible change in the composition of the Board and senior management of the Remaining Group) nor to dispose of or re-deploy the assets of the Remaining Group. Any future acquisition or disposal of assets by the Company after Completion will be subject to the provisions of the Listing Rules and in particular, the Stock Exchange may aggregate a series of transactions of the Company and such transactions may result in the Company being treated as a new applicant under the Listing Rules.

As at the date of this announcement, the Company has three executive Directors, namely Mr. Lau, Mr. Tse On Kin and Ms. Ching Yung and three independent non-executive Directors, namely, Mr. Chan Wai Dune, Mr. Lau Wai and Mr. Tong Kwai Lai. It is intended that there will be a change in the composition of the Board and new directors will be appointed to the Board at the earliest time as allowed under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. As at the date of this announcement, the number of new directors to be appointed onto the Board has not been determined. Further announcements will be made as and when there is a change in the composition of the Board.

Intentions of the Offeror regarding the Bank Loan and the Winland Loan

City Promenade, a member of the Group and a member of the Remaining Group after completion of the Group Reorganisation, which is the registered owner of the Properties, had obtained loan facilities from an independent commercial bank in Hong Kong (the "Bank"), the aggregate outstanding principal amount under which as at the date of this announcement is approximately HK\$386.0 million (the "Bank Loan").

The Bank Loan is currently secured by, inter alia, (i) a first mortgage on the Properties; (ii) an assignment of earnings of the Properties; (iii) a corporate guarantee given by the Company; (iv) a corporate guarantee given by each of Winland Finance Limited ("Winland Finance"), Winland Enterprises and Falcome Company Limited ("Falcome"); (v) an undertaking to repay given by Winland Finance, Winland Enterprises and Falcome; and (vi) a personal guarantee given by Mr. Lun and his Family Member. Winland Finance, Winland Enterprises and Falcome are companies controlled by Mr. Lun and his Family Members. Mr. Lun is a director of each of Winland Finance, Winland Enterprises and Falcome.

The guarantees/undertakings provided by Winland Finance, Winland Enterprises, Falcome, Mr. Lun and his Family Member to the Bank in respect of the Bank Loan mentioned in (iv), (v) and (vi) above were resulted from the acquisition by Express Chain Limited ("Express Chain", a company controlled by Winland Enterprises) of the property interests in the commercial and car park complex of a building known as the "Elizabeth House" in Causeway Bay, Hong Kong at a total consideration of HK\$1,480 million from the Group in 2005 (the "Elizabeth House Acquisition").

On 22 July 2005, Express Chain and the Group entered into a formal sale and purchase agreement (the "Elizabeth House Agreement") in respect of the Elizabeth House Acquisition. At that time, the Group had in issue certain convertible notes in aggregate principal of HK\$160 million and promissory notes in aggregate principal of HK\$320 million (collectively, the "Notes"). The disposal of the Elizabeth House to Express Chain was subject to the consent from the holders of the Notes. Accordingly, one of the conditions for completion of the Elizabeth House Agreement was to obtain all necessary consents from the holders of the Notes or an irrevocable written undertaking being made by Express Chain to the Group that a loan will be granted or to be granted to the Group at the completion of the Elizabeth House Agreement in the sum of HK\$480 million so as to enable the Company to discharge and release the Notes.

As necessary consents from the holders of the Notes were unable to be obtained, the Bank Loan in a principal amount of HK\$425 million at the then time from the Bank was arranged to be granted to City Promenade, a wholly-owned subsidiary of the Company, to facilitate satisfaction of the condition for completion of the Elizabeth House Agreement as mentioned above. A condition for the granting of the Bank Loan was that Mr. Lun and his Family Member shall provide personal guarantee and each of Falcome, Winland Finance and Winland Enterprises shall provide corporate guarantee to the Bank to guarantee the repayment of all moneys and liabilities owing by City Promenade under the Bank Loan.

To make up the balance of HK\$55 million, Winland Finance granted a loan facility to City Promenade under which City Promenade had made a drawing for a principal amount of HK\$55 million (the "Winland Loan") in order to discharge and release the Notes. As at the date of this announcement, the aggregate outstanding principal amount under the Winland Loan is approximately HK\$53.6 million, which is secured by, inter alia, (i) a second mortgage on the Properties; (ii) a second assignment of earnings of the Properties; (iii) a share charge on all issued shares of City Promenade; and (iv) a corporate guarantee given by the Company.

Details of the Elizabeth House Acquisition are set out in the announcements of the Company dated 15 July 2005, 27 October 2005 and 14 November 2005 and the circular of the Company dated 15 August 2005. In addition to the personal guarantees and the corporate guarantees mentioned above, Winland Finance, Winland Enterprises and Falcome (all as covenantors) also gave an undertaking in favour of the Bank to undertake to repay the Bank Loan and interests thereon.

It is the intention of the Offeror to make arrangements with the Bank and Winland Finance and is currently anticipated that the arrangements may involve the full repayment of the Winland Loan, further advances under the Bank Loan and release of certain securities under the Bank Loan subject to Completion taking place. As the proposed arrangements are still under consideration by the relevant parties and have not been finalised, further disclosure will be made in the Circular if such arrangements are materialised.

The Termination Deed in respect of the Management Contract

On 10 November 2005, City Promenade, Winland Hotel Management Limited ("Winland Hotel"), Winland Finance and the Company entered into a hotel management contract which was supplemented by a supplemental management contract dated 11 November 2005 (together, the "Management Contract"), under which City Promenade appointed Winland Hotel in place of the then existing independent manager to manage and operate the Properties for a term of three years. Winland Hotel is a wholly-owned subsidiary of Winland Finance and Mr. Lun is a director of Winland Hotel.

The Properties comprise an 800-room hotel known as "Mexan Harbour Hotel" and a restaurant in the same building located in Tsing Yi, Hong Kong. The Group entered into a sale and purchase agreement with a subsidiary of Hutchison Whampoa Limited in October 2003 for the purpose of acquiring the Properties at a total consideration of HK\$660 million. The Properties commenced operation in December 2004.

As mentioned above, the Properties are currently managed and operated by Winland Hotel which is a member of the Winland Group and Mr. Lun is a director. Following Completion, it is the intention of the Offeror to appoint new directors to the Board who have relevant experience in hotel investment and operation, and for the Remaining Group to operate and manage the Properties itself after Completion. Accordingly, on the same date of the Share Sale Agreement, the same parties to the Management Contract entered into a conditional deed of release and termination (the "Termination Deed") pursuant to which, it was conditionally agreed that the Management Contract shall be terminated and the obligations and liabilities of the parties thereto shall be released save for any antecedent breach with effect from the Completion.

The Termination Deed is conditional upon: (i) completion of the Share Sale Agreement; and (ii) the passing of a shareholders' resolution of the Company in compliance with the Listing Rules approving the Termination Deed and the transactions contemplated thereunder at the SGM.

The entering into of the Termination Deed will be considered at the SGM as part and parcel of the Proposal. The Vendor, the Offeror, their respective associates and parties acting in concert with each of the Vendor and the Offeror (including the Directors) will abstain from voting on the relevant resolution, which will be taken on a poll at the SGM. Neither of the above conditions can be waived.

The Deed of Novation

On 11 November 2005, the Elizabeth House Acquisition was completed. On the same day, at the request of Express Chain, the Company executed a deed of undertaking and indemnity (the "Deed of Undertaking") in favour of Express Chain pursuant to which the Company has undertaken to share with Express Chain, inter alia, any tax liabilities incurred by the owner of Elizabeth House up to and inclusive of 11 November 2005 in the manner as stipulated therein.

The Company was indirectly controlled by Mr. Lau when the Company executed the Deed of Undertaking in favour of Express Chain, being a company ultimately controlled by Mr. Lun and his Family Members. As the Company will cease to be controlled by Mr. Lau and will become controlled by Mr. Lun through the Offeror upon Completion, Mr. Lau has agreed that the obligations of the Company under the Deed of Undertaking will be novated to Mr. Lau upon Completion, and hence, it is provided under the Share Sale Agreement that upon Completion, a deed of novation will be entered into among Express Chain, the Company and Mr. Lau (the "Deed of Novation") pursuant to which, all the obligations and liabilities imposed or to be imposed on the Company under the Deed of Undertaking will be transferred to and assumed by Mr. Lau, and the Company will be released and discharged from its obligations and liabilities under the Deed of Undertaking with effect from Completion.

The entering into of the Deed of Novation will be considered at the SGM as part and parcel of the Proposal. The Vendor, the Offeror, their respective associates and parties acting in concert with each of the Vendor and the Offeror (including the Directors) will abstain from voting on the relevant resolution, which will be taken on a poll at the SGM. Save as disclosed above, the Company, Mr. Lau and Mr. Lun do not have any other existing business relationship.

Maintenance of the listing status of the Company

The Stock Exchange has stated that if, at the close of the Mexan Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
 - there are insufficient Shares in public hands to maintain an orderly market,
- it will consider exercising its discretion to suspend dealings in the Shares.**

The Offeror intends that the Company to remain listed on the Stock Exchange. The director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

COMPARISON OF THE COMBINED OFFER PRICE UNDER THE PROPOSAL WITH MARKET PERFORMANCE OF THE SHARES

The combined consideration under the Proposal on a part and parcel basis including the Mexan Offer, the Privateco Offer and the Special Cash Dividend is equivalent to HK\$0.47535 per Share which represents:

- a discount of approximately 49.3% to the unaudited consolidated net asset value of the Company of approximately HK\$0.9376 per Share as at 30 September 2006 based on the interim report of the Company for the six months ended 30 September 2006;
- a discount of approximately 4.0% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- a discount of approximately 7.2%, 16.0%, 18.3%, 6.8% and 10.1% to the average of the closing prices of approximately HK\$0.512, HK\$0.566, HK\$0.582, HK\$0.510 and HK\$0.529 per Share for the 10, 20, 30, 90 and 180 consecutive trading days up to and including the Last Trading Day, respectively.

GENERAL

The SGM will be held for the Independent Shareholders (who have no material interest in the Proposal) to consider and, if thought fit, approve the resolution(s) in respect of the Proposal. The Vendor, the Offeror, their respective associates and parties acting in concert with each of the Vendor and the Offeror (including the Directors) will abstain from voting on the relevant resolution(s), which will be taken on a poll at the SGM. As at the date of this announcement, the Vendor, its associates and parties acting in concert with the Vendor (including the Directors) altogether held 964,548,303 Shares, representing approximately 73.58% of the existing issued share capital of the Company. As at the date of this announcement, none of the Offeror, its associates or parties acting in concert with the Offeror held any Shares.

An independent board committee of the Company has been formed to make a recommendation to the Independent Shareholders, and Hercules has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders, in respect of the Proposal.

The Circular which is expected to contain, among other things, details of the Proposal, an accountants' report on each of the Group and the Inventive Group for the three years ended 31 March 2006 and the six months ended 30 September 2006, pro forma consolidated income statement and cash flow statement of the Remaining Group assuming the Group Reorganisation had become effective as at 1 April 2005, pro forma consolidated balance sheet of the Remaining Group assuming the Group Reorganisation had become effective as at 30 September 2006, the letter of recommendation from the independent board committee of the Company and the letter of advice from the independent financial adviser and a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

The independent board committee of the Company has also approved the appointment of Hercules as its independent financial adviser in respect of the Mexan Offer, in particular, as to whether the Mexan Offer is, or is not, fair and reasonable and as to acceptance if it is made. The advice of Hercules and the recommendation of the independent board committee of the Company in respect of the Mexan Offer will be included in the Mexan Offer Document.

In respect of the Privateco Offer, Hercules has been retained by the board of directors of Inventive to advise the independent Inventive Shareholders, in particular, as to whether the Privateco Offer is, or is not, fair and reasonable and as to acceptance if it is made. The advice and recommendation of Hercules in respect of the Privateco Offer will be included in the Privateco Offer Document.

In accordance with Rule 8.2 of the Takeovers Code, both the Mexan Offer Document and the Privateco Offer Document are required to be posted by or on behalf of the Offeror and the Vendor respectively within 21 days of the date of this announcement. However, as there are pre-conditions, i.e. Completion and completion of the Group Reorganisation, to the making of the Mexan Offer and the Privateco Offer respectively, application will be made by the Offeror and the Vendor for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for despatch of the Mexan Offer Document and the Privateco Offer Document to within seven days of fulfilment of such pre-conditions.

Securities in the Company

As at the date of this announcement, the Company has a total of 1,310,925,244 Shares in issue. Save as aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

Securities in Inventive

As at the date of this announcement, Inventive has a total of 1,000,000 Inventive Shares in issue. Save as aforesaid, Inventive has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

Dealings disclosure

The associates (as defined in the Takeovers Code) of the Company, Inventive, the Vendor and the Offeror are reminded to disclose their dealings in the securities in the Company under Rule 22 of the Takeovers Code.

Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates (as defined in the Takeovers Code) and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates (as defined in the Takeovers Code) and other person themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that the stockbrokers and other intermediaries will supply the Executive with the relevant information as to those dealings, including identities of clients, as part of that co-operation.

WARNING: THE MAKING OF EACH OF THE MEXAN OFFER AND THE PRIVATECO OFFER IS SUBJECT TO A NUMBER OF CONDITIONS AND IS A POSSIBILITY ONLY. AS EACH OF THE MEXAN OFFER AND THE PRIVATECO OFFER MAY OR MAY NOT PROCEED, INVESTORS AND SHAREHOLDERS ARE URGED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 3 January 2007 pending release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 21 February 2007.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“acting in concert”	the meaning defined in the Takeovers Code
“associates”	the meaning defined in the Listing Rules
“Board”	the board of Directors
“BOCI”	BOCI Asia Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the purposes of the SFO, and the financial adviser to the Offeror
“BVI”	British Virgin Islands
“Circular”	a circular of the Company in relation to, inter alia, the Proposal to be despatched to the Shareholders
“City Promenade”	City Promenade Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, which is the registered owner of the Properties and is principally engaged in the Remaining Business
“Company”	Mexan Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Share Sale Agreement
“Completion Date”	the date of Completion
“connected persons”	the meaning defined in the Listing Rules
“Consideration”	the cash consideration of HK\$102,917,303.93 payable by the Offeror to the Vendor for the Sale Shares pursuant to the Share Sale Agreement
“Directors”	the directors of the Company from time to time
“Distributed Businesses”	all businesses of the Group, other than the Remaining Business, carried on by the Inventive Group including the Group's toll road operation and management as well as investment holding
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“Family Member(s)”	immediate family member(s)
“Group”	the Company and its existing subsidiaries
“Group Reorganisation”	the proposed group reorganisation for the Group pursuant to which: (i) the Company will continue to be a publicly listed company and the Remaining Group will be carrying on the Remaining Business; (ii) the Inventive Group will be carrying on the Distributed Businesses; and (iii) the Shareholders will receive by way of distribution in specie the Inventive Shares on the basis of one Inventive Share for every Share held
“Hercules”	Hercules Capital Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for the purposes of the SFO, and the independent financial adviser to the Company and Inventive
“Hotel”	Mexan Harbour Hotel located at Hotel 2, Rambler Crest, No. 1 Tsing Yi Road, Tsing Yi, New Territories, Hong Kong
“Independent Shareholders”	the Shareholders other than the Vendor, the Offeror, their respective associates and parties acting in concert with each of the Vendor and the Offeror (including the Directors)
“Inventive”	Inventive Limited, a company incorporated in Bermuda with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement

“Inventive Group”	Inventive and its subsidiaries
“Inventive Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of Inventive
“Inventive Shareholders”	holders of the Inventive Shares
“Last Trading Day”	2 January 2007, being the last day on which the Shares were traded on the Stock Exchange prior to suspension of trading in the Shares pending release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mexan Offer”	the possible mandatory unconditional cash offer to be made by BOCI on behalf of the Offeror to acquire all the Shares other than those already held or agreed to be acquired by the Offeror and parties acting in concert with it, ex-entitlements to the proposed distribution in specie of the Inventive Shares pursuant to the Group Reorganisation and the Special Cash Dividend
“Mexan Offer Document”	the offer and response document (in either composite or separate form) and the form of acceptance and transfer to be despatched to the Shareholders pursuant to the Mexan Offer
“Mr. Lau”	Mr. Lau Kan Shan, the chairman of the Company and an executive Director
“Mr. Lun”	Mr. Lun Chi Yim
“Offeror”	Winland Wealth (BVI) Limited, a company incorporated in the BVI with limited liability and beneficially and indirectly wholly-owned by Mr. Lun
“PRC”	People's Republic of China
“Privateco Offer”	the possible voluntary unconditional cash offer to be made by Somerley on behalf of the Vendor to acquire all the Inventive Shares other than those already held by the Vendor and parties acting in concert with it
“Privateco Offer Document”	the offer and response document (in either composite or separate form) and the form of acceptance and transfer to be despatched to the Inventive Shareholders pursuant to the Privateco Offer
“Properties”	(i) the Hotel; and (ii) Commercial Unit No.2 of the commercial accommodation of Rambler Crest, No.1 Tsing Yi Road, Tsing Yi, New Territories, Hong Kong
“Proposal”	the proposal to be put forward by the Board at the SGM in respect of the Group Reorganisation (including the proposed distribution in specie of the Inventive Shares), the Special Cash Dividend, the Termination Deed, the Deed of Novation, and the transactions contemplated thereunder, taking into account the Privateco Offer and the Mexan Offer
“Record Date”	the record date, to be fixed, to determine entitlements to the proposed distribution in specie of the Inventive Shares pursuant to the Group Reorganisation and the Special Cash Dividend
“Remaining Business”	the Group's business of hotel investment and operation carried on by the Remaining Group
“Remaining Group”	the Group excluding the Inventive Group
“Sale Share(s)”	all 964,548,303 Shares held by the Vendor, representing approximately 73.58% of the existing issued share capital of the Company
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve the resolution(s) in respect of the Proposal
“Share Sale Agreement”	the conditional sale and purchase agreement dated 2 January 2007 (as amended and supplemented by a supplemental agreement dated 6 February 2007) entered into between, inter alia, the Offeror and the Vendor for the disposal of the controlling shareholding in the Company by the Vendor to the Offeror
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Somerley”	Somerley Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities for the purposes of the SFO, and the financial adviser to the Vendor
“Special Cash Dividend”	a special cash dividend to be declared and distributed to the Shareholders whose names appear on the branch register of members of the Company on the Record Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Winland Enterprises”	Winland Enterprises Limited, a company incorporated in Hong Kong with limited liability
“Vendor”	Mexan Group Limited, a company incorporated in the BVI with limited liability
“HK\$”	Hong Kong dollars
“%”	per cent.

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

By Order of the board of
MEXAN GROUP LIMITED
Lau Kan Shan
Director

By Order of the board of
INVENTIVE LIMITED
Tse On Kin
Director

By Order of the board of
WINLAND WEALTH (BVI) LIMITED
Lun Chi Yim
Director

Hong Kong, 16 February 2007

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

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group (including the Inventive Group), the Privateco Offer, the Group Reorganisation, the Special Cash Dividend, the Vendor, its associates and parties acting in concert with the Vendor) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those relating to the Group (including the Inventive Group), the Privateco Offer, the Group Reorganisation, the Special Cash Dividend, the Vendor, its associates and parties acting in concert with the Vendor) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of the Vendor jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror, its associates and parties acting in concert with the Offeror and the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to the Offeror, its associates and parties acting in concert with the Offeror and the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror, the Vendor, their respective associates and parties acting in concert with each of the Offeror and the Vendor) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to the Offeror, the Vendor, their respective associates and parties acting in concert with each of the Offeror and the Vendor) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The English text of this announcement shall prevail over its Chinese text.

** For identification purposes only*