



# MEXAN LIMITED

## 茂盛控股有限公司\*

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

### ANNOUNCEMENT DISCLOSEABLE TRANSACTION

On 24 December 2004, the Purchaser entered into the Agreement with the Vendor for the sale and purchase of the Property. The consideration for the acquisition of the Property by the Purchaser is RMB110,864,000 (equivalent to approximately of HK\$104,588,679).

The transaction contemplated under the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

A circular in connection with the acquisition of the Property will be despatched to the shareholders of the Company as soon as practicable.

#### THE PROPERTY

Date of the Agreement	: 24 December 2004
Vendor	: Shanghai Bojin Land Property Development Centre Limited (上海博錦房地產開發中心有限公司)
Purchaser	: Raisefull Limited, an indirect wholly-owned subsidiary of the Company
Property	: A property known as "Golden Xijiao Phase I" located at 70 Zhilong, 2000 Long Beizhailu, Shanghai, PRC (中國上海北翟路2000弄70支弄<金色西郊城>一期)
Consideration	: RMB110,864,000 (equivalent to approximately of HK\$104,588,679)

The Agreement was entered into between the Purchaser and the Vendor pursuant to which the parties have agreed on the sale and purchase of the Property, which has a gross floor area of approximately 5,320.56 square meters comprising 2,364.07 square meters for shop area and 2,956.49 square meters for commercial area. The Property forms part of a larger development project where the Property is situate and represents approximately 1.2% of the entire development.

Construction work of the Property, which is to be completed by the Vendor at its own costs. The construction work of the project related to the Property has not completed yet and is expected to complete in late December 2006.

The Company has obtained PRC legal opinion which confirmed that the Vendor has obtained good title on the Property which includes its underlying land. The Property (including its underlying land) will be assigned to the Purchaser without any legal impediments.

The Directors confirm that the consideration for the Property have been determined after arm's length negotiations between the parties by reference to the market value of the Property ("Market Value"). The Market Value represented the value of the Property as at 20 December 2004 according to a valuation report issued on 23 December 2004 by an independent valuer namely "Shanghai Real Estate Appraisers Co. Ltd." (上海房地產估價師事務所有限公司) licenced by "Shanghai Municipal Housing, Land and Resources Administration Bureau" (上海市房屋土地資源管理局) with "Real Estate Valuation Institute Qualification Certificate" (房地產價格評估機構資質證書) no. 滬房地資估(2004)001 on 1 April 2004.

The consideration of RMB110,864,000 for the Property represents a discount of approximately 18% compare to the Market Value of RMB135,200,000. Further, the Directors believe that the property market in Shanghai will be prosperous for forthcoming few years and therefore consider it in the interest of the Company and its shareholders as a whole to commit at this stage the purchase of the Property.

There is no deposit need to be paid. The consideration for the purchase of the Property was settled in cash on 29 December 2004. The Property is expected to be transferred to the Purchaser after construction work of the project related to the Property is completed, which is expected to be on or before 30 December 2006. The commercial property title certificate is expected to be received on or before 28 February 2007 and it is normal for the relevant authorities to issue title certificate within such time frame.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and the ultimate beneficial owners of the Vendor are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

#### REASONS FOR AND BENEFITS OF THE ACQUISITION OF THE PROPERTY

The Directors consider that the acquisition of the Property will enable the Company to expand its property business in the PRC and thereby diversify the Group's revenue base. The development project where the Property is located comprises residential units, shopping and commercial complex, is situate at the major crossroad of Huacao Zhen, Minhang District, and will be the most luxurious set up in this district and the only set up in the vicinity within which commercial units are available. Further, market research on performance of Shanghai commercial property markets over the past five years showed that the rental indexes are on the upward trends and the vacancy rates are on the downward trends and as such the Directors are of the view that the acquisition of the Property is in the interest of the Company and the terms of the Agreement are on normal commercial terms, which are fair and reasonable as far as the shareholders of the Company are concerned.

Depending on the market situation, the Property will be rented out or may be resold at a profit and thereby generating revenue for the Group. The Vendor will not get a share of the rent or the profit from re-sale derived from the Property. The Vendor bears all the development costs of the Property. It is the Vendor's commercial decision to sell the Property now. The acquisition of the Property was settled through internal resources.

#### GENERAL

The Group engages in the businesses of toll-road investment, securities investment, hotel ownership, and property investment. As regards property investment, it is currently holding investments in commercial complex principally namely Elizabeth House Commercial Podium, and hotel ownership currently holds property namely The Mexan Harbour Hotel at Rambler Crest, Tsing Yi in which the Group has made full payment and has commenced business in December 2004. The toll-road investment currently comprises the 44.9% equity interest in Ningbo Beilun Port Expressway Company Limited. The Purchaser is one of the subsidiaries in the Group which pursues the business of property investment.

The Vendor engages in the business of property development in mainland PRC.

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#### DEFINITIONS

In this announcement, the following terms have the following meanings:

"Agreement"	the agreement dated 24 December 2004 between the Vendor and the Purchaser for the sale and purchase of the Property
"Company"	Mexan Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed in the Stock Exchange
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	The People's Republic of China which for the purposes of this announcement excludes the Hong Kong Special Administrative Region and the Macau Special Administrative Region and Taiwan
"Purchaser"	Raisefull Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company and engages in the business of investment holding and established for the purpose of holding the Property only
"RMB"	Renminbi, the lawful currency of mainland PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	Shanghai Bojin Land Property Development Centre Limited (上海博錦房地產開發中心有限公司), a company (limited by shares) established in the PRC and engages in the business of property development and real estate management

In this announcement, an exchange rate of HK\$1 to RMB1.06 has been used.

By Order of the Board of Directors  
**Lau Kan Shan**  
Chairman

Hong Kong, 18 January 2005

As at the date of this announcement, the executive Directors are Mr. Lau Kan Shan, Mr. Yuen Hiu Kwan and Ms. Ching Yung, the non-executive Director is Mr. Leung Heung Ying and the independent non-executive Directors are Mr. Chan Wai Dune, Mr. Lau Wai and Mr. Tong Kwai Lai.

\* For identification purpose only