



**MEXAN LIMITED**

**茂盛控股有限公司\***

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

**UPDATE ON DELAY IN PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND  
DESPATCH OF ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2004  
RESIGNATION OF AUDITORS**

PWC have resigned as auditors of the Company with effect from 12 November 2004. Subject to the approval by the shareholders of the Company in compliance with the Bye-laws of the Company, the Board proposes to appoint Horwath Hong Kong CPA Limited as the new auditors of the Group. Hence, the dates of publication of the Annual Results Announcement and despatch of the Annual Report can only be ascertained after the appointment of new auditors. A further announcement will be made following such appointment to announce the expected date of release of the Annual Results Announcement and a circular containing the details of the proposed appointment of new auditors will be sent to the shareholders as soon as possible.

Reference is made to the Company's announcements dated 30 July 2004, 31 August 2004 and 20 September 2004 in relation to the delay in publication of the Annual Results Announcement and despatch of the Annual Report for the year ended 31 March 2004. Reference is also made to the Company's announcement dated 1 June 2004 in relation to the acquisition of Ningbo Beilun Port Expressway Company Limited. Terms used herein shall have the meanings ascribed to them therein unless defined otherwise.

Pursuant to Rules 13.46(2)(a) and 13.49(1) of the Listing Rules, an issuer is required to publish in newspapers its annual report to its shareholders not later than four months after the date upon which the financial period ended. Accordingly, the Annual Results Announcement and the Annual Report are required to be published and despatched on or before 31 July 2004.

Pursuant to Rules 13.46(2)(b) of the Listing Rules, the Company is required to make up its annual accounts to a date falling not more than six months before the date of its annual general meeting ("AGM"). Since the Company did not hold its AGM on or before 30 September 2004, the Directors acknowledge that the delay constitutes a breach of Rule 13.46(2)(b) of the Listing Rules. However, in respect of the delay of the holding of the AGM, the legal adviser of the Company as to Bermuda law has confirmed that the latest date of holding the Company's AGM for the year 2004 is 24 December 2004 and the Company is therefore still in compliance with its Bye-laws.

The board of directors ("Board") of the Company announces that Messrs. PricewaterhouseCoopers ("PWC") have resigned as auditors of the Company with effect from 12 November 2004.

The notice of resignation issued by PWC did not contain any reason for their resignation. PWC stated that there are no circumstances connected with their resignation that should be brought to the attention of the Company's members or creditors except that PWC had substantially completed their audit and reached a conclusion to issue a disclaimer opinion on the accounts for the year ended 31 March 2004 ("Accounts") and the draft of the auditors' report provided by PWC on 11 October 2004 was not accepted by the Company. PWC also stated that the Company did not provide PWC with the finalised Accounts to report on and that there were no satisfactory alternative procedures which PWC could adopt to resolve the situation.

The Company does not agree with the sentiments expressed by PWC and as such the Company could not finalise the Accounts. The Company understands that PWC has requested in late August 2004 and further understands from PWC that it has subsequently obtained confirmation from the overseas financial institution for the balance of the HK\$200 million fixed deposits held by the overseas financial institution for the Company as of 31 August 2004. The Company understands that notwithstanding the overseas financial institution has provided confirmation to PWC as to the Company's ownership of the HK\$200 million fixed deposits, PWC still expressed uncertainty on the recoverability of fixed deposits of the Company of HK\$200 million from that overseas financial institution, however, the opinion of the Directors, recoverability was not uncertain based on the information available to the Directors at the time PWC was conducting their audit. Set out below are the actions that have been taken by the Company to withdraw and apply the said fixed deposits:

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|------------------------|--|
| 18 and 25 October 2004 | The Company sent instructions to the said financial institution to withdraw the said fixed deposits which have matured on 20 October 2004.<br>However, both instructions were not executed by the correct signatories as the Company believes that the staff of the Company were confused by the changes of authorised signatories for different transaction amounts and as a result of the incorrect instructions the said fixed deposits could not be released.  |
| 1 November 2004        | The Company tried to meet with PWC to further discuss the status of the said fixed deposits but was unable to set up such meeting with PWC.  |
| 8 November 2004        | The account manager of the said financial institution located at its Shanghai office sent a letter to the Company and confirmed the requirement for proper instructions for the release of the said fixed deposits and that the said fixed deposits would continue to be held by the said financial institution subject to the Company's further instructions.<br>The Company tried to meet with PWC to further discuss the status of the draft auditors' opinion but was unable to set up such meeting with PWC.  |
| 12 November 2004       | PWC tendered its notice of resignation.  |
| 23 November 2004       | The Company instructed the said financial institution to uplift the said fixed deposits and arranged payment instructions to pay off the second instalment of the purchase consideration balance (i.e. HK\$135 million) for the acquisition of 44.9% equity interest in the Ningbo Beilun Port Expressway Company Limited as announced on 1 June 2004 (the "Announcement").  |
| 6 December 2004        | Based on the advice of the legal adviser of the Company, the Company requested the head office of the said financial institution to re-confirm the advice in the letter from its Shanghai Office on 8 November 2004.   |
| 7 December 2004        | The said financial institution issued statements to the Company to confirm the completion of all relevant payment instructions given by the Company and the vendor of the Ningbo Beilun Port Expressway Company Limited also acknowledged the credit of the HK\$135 million from the said financial institution and acknowledged and agreed that such credit was a sufficient discharge of the payment obligations as set out in the Acquisition Agreement (as defined in the Announcement). The Acquisition pursuant to the Announcement has not been completed as the precedent conditions have not been entirely fulfilled. |

The Directors believe that the issuance of a disclaimer opinion would materially adversely affect the interests of the Company.

Subject to the approval by the shareholders of the Company in compliance with the Bye-laws of the Company, the Board proposes to appoint Horwath Hong Kong CPA Limited as the new auditors of the Group. Hence, the dates of publication of the Annual Results Announcement and despatch of the Annual Report can only be ascertained after the appointment of new auditors. A further announcement will be made following such appointment to announce the expected date of release of the Annual Results Announcement and a circular containing the details of the proposed appointment of new auditors will be sent to the shareholders as soon as possible.

Notices of and other communications relating to the general meeting referred to in section 89(5A)(b) of the Companies Act 1981 of Bermuda will be given to PWC prior to such meeting.

The Directors acknowledge that the delay in the publication of the Annual Results Announcement, the holding of the AGM and the despatch of the Annual Reports shall constitute a breach of Rules 13.46(2)(a), (b) and 13.49(1) of the Listing Rules and that the Stock Exchange has indicated that it reserves whatever right to take appropriate actions against the Company and/or its directors in respect of the breach.

The Directors have not dealt in any of the shares of the Company since the period commencing one month immediately preceding 31 July 2004 and undertaken not to deal in the shares of the Company until the publication of the Annual Results Announcement.

**Investors are advised to exercise caution when dealing in the shares of the Company.**

By the order of the Board  
For and on behalf of  
**Mexan Limited**  
**Chan Wai Ming**  
Company secretary

Hong Kong, 13 December 2004

As at the date of this announcement, the executive directors of the Company are Mr. Lau Kan Shan, Mr. Yan Sheng, Mr. Yuen Hiu Kwan and Ms. Ching Yung and the independent non-executive directors of the Company are Mr. Chan Wai Dune, Mr. Lau Wai and Mr. Tong Kwai Lai.

\* For identification purpose only