



MEXAN LIMITED

茂盛控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 22)

ANNOUNCEMENT

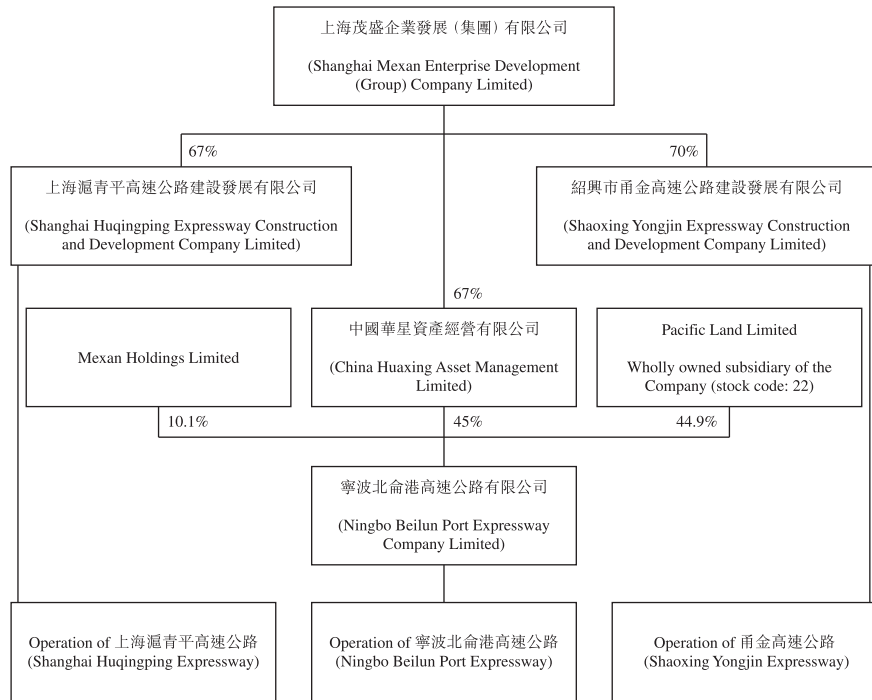
On 9 May 2005, Niceview Limited, a wholly owned subsidiary of the Company, entered into four legally binding Memoranda of Understanding with three different companies directly or indirectly controlled by Mr. Lau Kan Shan, the Chairman and controlling shareholder of the Company. These three companies hold certain toll road interests in the People's Republic of China. It is agreed under the MOUs that the Toll Road Companies will not, within 18 months from the date of the MOUs, enter into negotiation or agreements with any third parties for the sale of their Toll Road Interests as specified in the MOUs without written consent from Niceview Limited.

The entering into of the MOUs by the Group with Mr. Lau constitute de minimis connected transactions of the Company under Rule 14A.31(2) of the Listing Rules. As the aggregate consideration under the MOUs are HK\$4 only, the transactions are exempt from all reporting, announcement and independent shareholders' approval requirements according to Rule 14A.31(2) of the Listing Rules.

INTRODUCTION

The board of directors (the "Board") of Mexan Limited (the "Company") is pleased to announce that on 9 May 2005, the Company through its wholly-owned subsidiary Niceview Limited entered into four legally binding Memoranda of Understanding ("MOUs") with three different companies. These toll road companies (the "Toll Road Companies"), which are all directly or indirectly controlled by Mr. Lau Kan Shan ("Mr. Lau"), the Chairman and controlling shareholder of the Company, hold certain toll road interests (the "Toll Road Interests") in the People's Republic of China ("PRC"). It is agreed under the MOUs that the Toll Road Companies will not, within 18 months from the date of signing of the MOUs, enter into negotiation or agreements with any third parties for the sale of their Toll Road Interests as specified in the MOUs without written consent from Niceview Limited. The toll roads which are subject to the MOUs have an aggregate length of approximately 171 kilometres ("km") and commands strategic location and are important linkages to the fast growing economic areas in the eastern part of the PRC particularly the Yangtze River Delta including Shanghai (上海), Jiangsu (江蘇) and Zhejiang (浙江).

The following chart illustrates the holding structure of the Toll Road Interests:



Details of the MOUs are set out in the following:

(I) MOU I

Date: 9 May 2005

Parties: 上海茂盛企業發展(集團)有限公司 (Shanghai Mexan Enterprise Development (Group) Company Limited) ("Shanghai Mexan"), a company established in the PRC and in which Mr. Lau holds a majority interest. The remaining interests in Shanghai Mexan are held by parties who are not connected persons of the Company.

Niceview Limited, a company incorporated in Hong Kong and is a wholly owned subsidiary of the Company.

Consideration: HK\$1.00

Under MOU I, Shanghai Mexan agrees not to, within 18 months from the date of signing of that MOU, negotiate or enter into agreements with any parties other than Niceview Limited for the sale of its 67% interest in 上海滬青平高速公路建設發展有限公司 (Shanghai Huqingping Expressway Construction and Development Company Limited) ("Shanghai HQP Expressway JV") without written consent from Niceview Limited. The remaining 33% interests in Shanghai HQP Expressway JV are held by parties who are not connected persons of the Company. Shanghai HQP Expressway JV holds the 上海滬青平高速公路 (Shanghai Huqingping Expressway) (the "Shanghai HQP Expressway"). The Shanghai HQP Expressway is an important section of the Shanghai-Jiangsu-Zhejiang-Anhui (申蘇浙皖) highway network running from Shanghai Hongqiao Airport to Huangshan (黃山) in the Anhui province (安徽省). The Shanghai HQP Expressway starts from the Shanghai Outer Viaduct in the east and extends through Qingpu (青浦) and ends at the Shanghai municipality boundary next to the Jiangsu province (江蘇省). The Shanghai HQP Expressway, being the only route that links to the Yanan Elevated Expressway (延安高架路) in Shanghai, allows traffic from neighbouring provinces to come into Shanghai city centre without passing any traffic light. Shanghai HQP Expressway has a total length of about 47 km, of which about 31 km has been operating since December 2002 and the remaining 16 km will start operation in the beginning of 2006. Shanghai HQP Expressway JV has a right to operate the Shanghai HQP Expressway upto 31 December 2027.

Based on the audited accounts of Shanghai HQP Expressway JV (prepared under the accounting principles generally accepted in PRC), as at 31 December 2004 Shanghai HQP Expressway JV had total assets of approximately RMB2,575 million (or approximately HK\$2,429 million).

(II) MOU II

Date: 9 May 2005

Parties: Shanghai Mexan
Niceview Limited

Consideration: HK\$1.00

Under MOU II, Shanghai Mexan agrees not to, within 18 months from the date of signing of that MOU, negotiate or enter into agreements with any parties other than Niceview Limited for the sale of its 70% interest in 紹興市甬金高速公路建設發展有限公司 (Shaoxing Yongjin Expressway Construction and Development Company Limited) ("Shaoxing Yongjin Expressway JV") without written consent from Niceview Limited. The remaining 30% interest in Shaoxing Yongjin Expressway JV is held by a party who is not a connected person of

the Company. Shaoxing Yongjin Expressway JV operates the Shaoxing section of the 甬金高速公路 (Yongjin Expressway) which is a 186 km long highway cutting through the mid-eastern part of the Zhejiang province (浙江省) and connecting Ningbo (寧波), Shaoxing (紹興) and Jinhua (金華), the three important economic centres in the Zhejiang province, PRC. The section of the Shaoxing Yongjin Expressway operated by the Shaoxing Yongjin Expressway JV has a total length of about 73 km. Construction is in progress and it is expected that operation would start at the end of 2005. Shaoxing Yongjin Expressway JV has a right to operate the Shaoxing section of the Yongjin Expressway upto 31 December 2030.

Based on the unaudited accounts of Shaoxing Yongjin Expressway JV (prepared under the accounting principles generally accepted in PRC), as at 31 December 2004 Shaoxing Yongjin Expressway JV had total assets of approximately RMB1,711 million (or approximately HK\$1,614 million).

(III) MOU III

Date: 9 May 2005

Parties: 中國華星資產經營有限公司 (China Huaxing Asset Management Limited) ("China Huaxing"), a company established in PRC and in which Mr. Lau indirectly holds a majority interest. The remaining interests in China Huaxing are held by parties who are not connected persons of the Company.

Niceview Limited

Consideration: HK\$1.00

Under MOU III, China Huaxing agrees not to, within 18 months from the date of signing of that MOU, negotiate or enter into agreements with any parties other than Niceview Limited for the sale of its 45% interest in 寧波北侖港高速公路有限公司 (Ningbo Beilun Port Expressway Company Limited) ("Ningbo Expressway JV").

The Group (a wholly owned subsidiary of the Company) holds 44.9% of Ningbo Expressway JV. The remaining 10.1% is held by Mexan Holdings Limited, in which Mr. Lau holds a majority interest.

Ningbo Expressway JV holds the 寧波北侖港高速公路 (Ningbo Beilun Port Expressway) (the "Ningbo Expressway"). The expressway links the Beilun Port, a major natural deep water port in the PRC, to the prosperous regions in the Zhejiang province (i.e. Hangzhou (杭州) in the west via the Hangzhou-Ningbo Expressway (杭州－寧波高速公路), as well as Wenzhou (溫州) and Taizhou (台州), the two major light industrial cities within the province). The expressway also forms the Ningbo section of the national coastal highway namely the Tongshan National Highway (同三國道) which links the Tongjiang City (同江市) in the Heilongjiang province (黑龍江省) and Sanya City (三亞市) of the Hainan province (海南省). Ningbo Expressway has a total length of about 51 km and has been operating since December 1999. Ningbo Expressway JV has a right to operate the Ningbo Expressway upto 31 December 2027.

Based on the audited accounts of Ningbo Expressway JV (prepared under the accounting principles generally accepted in PRC), as at 31 December 2004 Ningbo Expressway JV had total assets of approximately RMB2,228 million (or approximately HK\$2,101 million).

(IV) MOU IV

Date: 9 May 2005

Parties: Mexan Holdings Limited ("MHL"), a company incorporated in Hong Kong and in which Mr. Lau holds a majority interest.

Niceview Limited

Consideration: HK\$1.00

Niceview Limited is also granted a 18-month exclusivity period over the remaining 10.1% interest in Ningbo Expressway JV owned by MHL pursuant to MOU IV entered into between Niceview Limited and MHL on 9 May 2005.

REASONS FOR ENTERING INTO THE MOUS

In light of PRC's rapid economic growth and its need for high-quality infrastructure, the Company has identified the toll road sector in the PRC as a focused area for future development. The Board believes that high quality toll roads will provide stable income to the Company and its subsidiaries (the "Group"), thereby increasing the long term value of the shares of the Company. To this end, the Group has on 1 June 2004 successfully acquired a 44.9% equity interest in Ningbo Expressway JV. To further roll-out the Group's plan to develop into a leading toll road operator in the PRC, the Group continues to look for high quality toll road assets for investment. The Toll Road Interests occupies strategic position and are important linkages to the fast growing economic areas in the eastern part of the PRC, particularly the Yangtze River Delta including Shanghai (上海), Jiangsu (江蘇) and Zhejiang (浙江). The entering into of the MOUs is in the interest of the Company as it gives the Group time to conduct the necessary due diligence and valuation on the Toll Road Interests. It is expected that the Group would enter into arm's length negotiations with the Toll Road Companies with a view to reaching agreements on the acquisition of the Toll Road Interests on mutually acceptable terms (the "Proposed Acquisitions") prior to expiry of the exclusivity period.

The Proposed Acquisitions may or may not materialise. Shareholders and the investing public should exercise caution when dealing in shares of the Company. Further announcement(s) will be made in respect of the Proposed Acquisitions as and when appropriate.

The entering into of the MOUs by the Group with Mr. Lau constitute de minimis connected transactions of the Company under Rule 14A.31(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). As the aggregate consideration under the MOUs are HK\$4 only, the transactions are exempt from all reporting, announcement and independent shareholders' approval requirements according to Rule 14A.31(2) of the Listing Rules.

In this announcement, RMB is translated at the rate of RMB1.06 = HK\$1.

Hong Kong, 9 May 2005

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors:
Mr. Lau Kan Shan (Chairman)
Mr. Tse On Kin (Managing Director)
Ms. Ching Yung

Independent Non-executive Directors
Mr. Chan Wai Dune
Mr. Lau Wai
Mr. Tong Kwai Lai

Non-executive Director:
Mr. Leung Heung Ying

* For identification purpose only

By Order of the Board
Tse On Kin
Managing Director