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MEXAN LIMITED
茂盛控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 22)

**MAJOR TRANSACTION – ACQUISITION OF PROPERTY
AND
RESUMPTION OF TRADING**

THE ACQUISITION

On 28 June 2018 (after trading hours), the Purchaser (an indirectly wholly-owned subsidiary of the Company), the Vendors and the Guarantor entered into the Provisional Agreement pursuant to which the Purchaser agreed to purchase and take up an assignment of, and the Vendors agreed to sell and assign, the Target Interest at the Consideration of HK\$165,000,000. The Guarantor agreed to guarantee and procure the performance of all the Vendors' obligations under the Provisional Agreement.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, publication and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

* For identification purposes only

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition. As such, no Shareholder would be required to abstain from voting if a general meeting of the Company were convened to approve the Provisional Agreement and the Acquisition. Pursuant to Rule 14.44 of the Listing Rules, a written shareholder's approval may be accepted in lieu of holding a general meeting of the Company. Winland Wealth, being the Controlling Shareholder of the Company which holds 723,148,037 Shares (representing approximately 55.16% of the total number of issued shares of the Company) as at the date of this announcement and controls the voting rights in respect of such Shares, has given a written approval for the Provisional Agreement and the Acquisition.

Accordingly, no general meeting of the Company will be convened for the purpose of approving the Provisional Agreement and the Acquisition.

DESPATCH OF CIRCULAR

A circular containing further information in relation to the Acquisition is expected to be despatched to the Shareholders on or before 23 July 2018.

RESUMPTION OF TRADING

At the request of the Company, trading of the Shares on the Stock Exchange has been halted since 9:00 a.m. on Friday, 29 June 2018 pending the issue of this announcement. The Company has applied to the Stock Exchange for resumption of trading of the Shares from 9:00 a.m. on Tuesday, 3 July 2018.

As Completion is subject to conditions set out in the section headed "Conditions precedent of the Provisional Agreement" in this announcement that may or may not be fulfilled, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

The Board is pleased to announce that on 28 June 2018 (after trading hours), the Purchaser (an indirectly wholly-owned subsidiary of the Company), the Vendors and the Guarantor entered into the Provisional Agreement pursuant to which the Purchaser agreed to purchase and take up an assignment of, and the Vendors agreed to sell and assign, the Target Interest at the Consideration of HK\$165,000,000. The Guarantor agreed to guarantee and procure the performance of all the Vendors' obligations under the Provisional Agreement.

THE PROVISIONAL AGREEMENT

The principal terms of the Provisional Agreement are summarised below:

- Date: 28 June 2018
- Parties: (1) Purchaser
- (2) Vendors
- (3) Guarantor

Target Interest

Pursuant to the Provisional Agreement, the Purchaser will acquire from the Vendors the entire issued share capital of the Target Company and the rights to all debts owing by the Target Company to the Vendors and their associates as at Completion at the Consideration.

The Property is a commercial office unit located at 4701, 47th Floor of Far East Finance Centre, No. 16 Harcourt Road, Hong Kong of an aggregate gross area of approximately 2,780 sq.ft. with seaview.

Consideration

The Consideration is HK\$165,000,000, which shall be paid by the Purchaser in cash in the following manner:

1. an initial deposit of HK\$8,250,000, representing 5% of the Consideration, shall be (and has been) paid upon signing of the Provisional Agreement;
2. a further deposit of HK\$8,250,000, representing 5% of the Consideration, shall be paid within 14 days from the date of the Provisional Agreement; and

3. HK\$148,500,000, representing the balance of the Consideration, shall be paid upon Completion.

The Consideration was determined after arm's length negotiations between the parties by reference to the prevailing market conditions, the location of the Property and the market price of comparable properties in the same area.

A full valuation report on the Property will be prepared for inclusion in the circular to be despatched to the Shareholders as required under the Listing Rules.

It is expected that the Consideration will be financed by a combination of (i) funds to be raised from the Open Offer; and (ii) internal resources of the Group.

Conditions precedent of the Provisional Agreement

Pursuant to the Provisional Agreement, Completion is conditional upon fulfilment of the following conditions:

1. the Purchaser having completed its due diligence review on the business, financial, legal and other aspects of the Target Company and is satisfied with the results thereof;
2. the Vendors having procured the Target Company to give and prove a good title to the Property in accordance with sections 13A and 13 of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong); and
3. the approval by the Shareholders in accordance with the requirements of Chapter 14 of the Listing Rules.

Should the conditions precedent as stated in the Provisional Agreement is not satisfied and if it is discovered during the due diligence review that there is any irregularity, the Vendor or the Vendor's solicitors shall rectify the same as soon as possible.

Completion

Subject to the terms of the Provisional Agreement, a formal agreement will be entered into between the parties thereto within 30 days from the date of the Provisional Agreement. Completion shall take place within 3 months from the date of the Provisional Agreement.

REASONS FOR THE ACQUISITION

The existing principal place of business of the Company is located in Tsing Yi, New Territories. The Property is intended to be used as the Group's office located at the central business district in Hong Kong which will be more convenient to its staffs and the other business partners of the Group and can also ensure the continuity and future development of its business operation. The Consideration of HK\$165 million is also in line with the market price of comparable properties in the same area.

Taking into account the above factors, the Directors consider that the terms of the Acquisition are on normal commercial terms and are fair and reasonable, and the Acquisition is in the interests of the Company and its Shareholders as a whole.

None of the Directors has any material interest in the Provisional Agreement and the Acquisition and therefore, none of them has abstained from voting on the Board resolution(s) which approved the Provisional Agreement and the Acquisition.

INFORMATION ON THE GROUP

The principal activity of the Group is investment holding and the principal activities of its subsidiaries are hotel operation.

INFORMATION ON THE VENDORS AND THE GUARANTOR

The Vendors are companies incorporated in British Virgin Island with limited liability and the Guarantor is a merchant. The principal business of the Vendors is investment holding. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Guarantor, the Vendors and their ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated with limited liability in Hong Kong on 8 March 2017 and is a property investment company. The Property is the Target Company's only asset. The Target Company's financial year ends on 31 March.

The audited accounts of the Target Company for the two financial years immediately preceding the date of the Provisional Agreement have not been prepared. The financial information based on the unaudited financial statements of the Target Company from date of incorporation (8 March 2017) to 31 March 2018 is as follows:

	From 8 March 2017 to 31 March 2018 <i>(HK\$'000)</i>
Net profit before taxation	843
Net profit after taxation	832

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the operating result of the Target Company will be consolidated in the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, publication and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

“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 Acquisition
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	HK\$165,000,000, being the purchase price of the Target Interest
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Ng Sai Kit, an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules governing the Listing of Securities on the Stock Exchange
“Open Offer”	the proposed open offer to be conducted by the Company on the basis of one offer share for every two shares held on the record date, details of which were disclosed in the Company’s announcement dated 29 June 2018

“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Property”	Office 4701 on 47th Floor of Far East Finance Centre, No. 16 Harcourt Road, Hong Kong
“Provisional Agreement”	the provisional sale and purchase agreement dated 28 June 2018 made between the Purchaser, the Vendors and the Guarantor for the Acquisition
“Purchaser”	Mega Gold Limited, a company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Castle Charm Limited, a company incorporated with limited liability in Hong Kong which owns the Property
“Target Interest”	the entire issued share capital of the Target Company and the rights to all debts owing by the Target Company to the Vendors and their associates as at Completion
“Vendors”	Wish Chain Limited and Going Success Development Limited, both are companies incorporated in the British Virgin Islands with limited liability

“Winland Wealth”

Winland Wealth (BVI) Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, being a Controlling Shareholder which is controlled by Mr. Lun Yiu Kay Edwin, an executive Director and the chairman of the Company

“%”

per cent.

By Order of the Board
MEXAN LIMITED
Lun Yiu Kay Edwin
Chairman

Hong Kong, 30 June 2018

As at the date of this announcement, the Executive Directors are Mr. Lun Yiu Kay Edwin (Chairman) and Mr. Ng Tze Ho Joseph and the Independent Non-Executive Directors are Dr. Tse Kwing Chuen, Mr. Ng Hung Sui Kenneth and Mr. Lau Shu Kan.