



**MEXAN LIMITED**

**茂盛控股有限公司**

(Incorporated in Bermuda with limited liability)

Stock Code : 22

INTERIM  
REPORT  
2010/11



*This interim report, in both English and Chinese versions, is available on the Company's website at [www.mexanhk.com](http://www.mexanhk.com) (the "Company Website").*

Shareholders who have chosen or have been deemed consent to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to the interim report posted on the Company Website will promptly upon request be sent the interim report in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt (either in printed form or via the Company Website) and/or language(s) (either English only or Chinese only or both languages) of Corporate Communications.

Shareholders may send their request to receive the interim report in printed form, and/or to change their choice of the means of receipt and/or language(s) of Corporate Communications by notice in writing to the Hong Kong Branch Share Registrar of the Company, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or by sending an email to the Hong Kong Branch Share Registrar of the Company at [is-ecom@hk.tricorglobal.com](mailto:is-ecom@hk.tricorglobal.com).



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors:

Lun Chi Yim (*Chairman*)

Lun Yiu Kay Edwin  
(*Managing Director*)

Ng Tze Ho Joseph

#### Independent Non-Executive Directors:

Tse Kwing Chuen

Ng Hung Sui Kenneth

Lam Yiu Pang Albert

### COMPANY SECRETARY

Mui Ngar May Joel

### PRINCIPAL BANKERS

Dah Sing Bank, Limited

The Hongkong and Shanghai Banking  
Corporation Limited

### AUDITORS

BDO Limited

Certified Public Accountants

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

### REGISTERED OFFICE

Clarendon House

Church Street

Hamilton

HM 11

Bermuda

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

7th Floor, Mexan Harbour Hotel

Hotel 2, Rambler Crest

No. 1 Tsing Yi Road

Tsing Yi

New Territories

Hong Kong

### PRINCIPAL REGISTRAR

Butterfield Fulcrum Group

(Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

### BRANCH REGISTRAR IN HONG KONG

Tricor Tengis Limited

26th Floor

Tesbury Centre

28 Queen's Road East

Hong Kong

### WEBSITE

[www.mexanhk.com](http://www.mexanhk.com)

### STOCK CODE

22

The board of directors (the “Board”) of MEXAN LIMITED (the “Company”) announces the unaudited interim results and presents the interim report of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2010. The results have been reviewed by the Audit Committee. The unaudited condensed consolidated accounts of the Group for the six months ended 30 September 2010 together with the comparative figures for the corresponding previous period are as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited Six months ended 30 September	
		2010 HK\$'000	2009 HK\$'000
Turnover	2	38,002	29,957
Direct costs		(12,663)	(10,548)
Gross profit		25,339	19,409
Other revenues	2	283	8,925
Administrative expenses		(20,228)	(20,223)
Profit from operations		5,394	8,111
Finance costs	4	(1,711)	(3,293)
Profit before taxation		3,683	4,818
Taxation	5	(1,986)	(2,181)
Profit and total comprehensive income for the period	6	1,697	2,637
Attributable to:			
Equity holders of the Company		1,771	2,711
Non-controlling interests		(74)	(74)
		1,697	2,637
Dividend		—	—
Earnings per share (cents)	7		
Basic		0.135	0.207
Diluted		0.135	0.207

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2010

	Notes	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
Non-current assets			
Property, plant and equipment		587,863	596,489
Intangible assets		7,097	7,681
Prepaid lease payments		10,792	10,943
Club debentures		1,350	1,350
		<b>607,102</b>	616,463
Current assets			
Inventories		167	226
Prepaid lease payments		302	302
Trade and other receivables, deposits and prepayments	8	11,556	10,675
Loan receivable	9	2,737	2,701
Tax receivable		1,577	1,577
Cash and cash equivalents		7,861	6,202
		<b>24,200</b>	21,683
Current liabilities			
Other payables, deposits received and accrued charges		9,602	16,866
Amount due to a minority shareholder		6,414	6,414
Dividend payable		1,515	1,515
Bank loans	10	187,320	181,815
		<b>204,851</b>	206,610

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 September 2010

	Notes	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
Net current liabilities		(180,651)	(184,927)
Total assets less current liabilities		426,451	431,536
Non-current liabilities			
Bank loans	10	188,719	197,487
Deferred tax liabilities		5,579	3,593
		194,298	201,080
Net assets		232,153	230,456
<b>EQUITY</b>			
Share capital	11	26,218	26,218
Reserves		206,936	205,165
Equity attributable to equity holders of the Company		233,154	231,383
Non-controlling interests		(1,001)	(927)
Total equity		232,153	230,456

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Attributable to equity holders of the Company HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2010 (Audited)	26,218	57,556	129	104,874	42,606	231,383	(927)	230,456
Profit and total comprehensive income for the period	—	—	—	—	1,771	1,771	(74)	1,697
At 30 September 2010 (Unaudited)	26,218	57,556	129	104,874	44,377	233,154	(1,001)	232,153

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Attributable to equity holders of the Company HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2009 (Audited)	26,218	57,556	129	104,874	40,893	229,670	(773)	228,897
Profit and total comprehensive income for the period	—	—	—	—	2,711	2,711	(74)	2,637
At 30 September 2009 (Unaudited)	26,218	57,556	129	104,874	43,604	232,381	(847)	231,534

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 September 2010

	Unaudited Six months ended 30 September	
	2010 HK\$'000	2009 HK\$'000
Net cash generated from operating activities	14,634	13,191
Net cash (used in) investing activities	(22)	(12)
Net cash (used in) financing activities	(12,953)	(13,742)
Increase (decrease) in cash and cash equivalents	1,659	(563)
Cash and cash equivalents at beginning of period	6,202	5,248
Cash and cash equivalents at end of period	7,861	4,685
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	7,861	4,685



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on historical cost basis and in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirement of Appendix 16 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2010, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“HK(IFRIC)”), which are effective for the current period’s unaudited condensed consolidated interim financial statements.

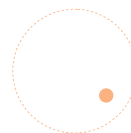
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
Amendments to HKAS32	Classification of Rights Issues
Amendments to HKAS39	Eligible Hedged Items
Amendments to HKFRS1	Additional Exemption for First-time Adopters
Amendments to HKFRS2	Share-based Payment — Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on after 1 April 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The adoption of other new and revised HKFRSs has had no significant effect on these condensed consolidated interim financial statements of the Group for the current or prior accounting periods.



## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

The Group has not early adopted the following new and revised standards, amendments or interpretations which have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>3</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>2</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>3</sup>
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognized financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortized cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The Directors anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 2. TURNOVER

- A. The turnover generated from hotel operations and loan interest income was presented as follows:

	From 1 April 2010 to 30 September 2010 HK\$'000	From 1 April 2009 to 30 September 2009 HK\$'000	From 1 April 2008 to 30 September 2008 HK\$'000	From 1 April 2007 to 30 September 2007 HK\$'000	From 1 April 2006 to 30 September 2006 HK\$'000
Hotel room sales revenue	35,286	27,627	34,959	35,579	39,390
Food and beverage revenue	2,716	2,330	2,320	2,081	1,149
Turnover	38,002	29,957	37,279	37,660	40,539
Loan interest income and arrangement fee income less costs for recovery	282	8,782	4,043	—	—

Before carried on by Winland Wealth (BVI) Limited in January 2007, the hotel room sales revenue HK\$39,390,000 from 1 April 2006 to 30 September 2006 decreased to HK\$27,627,000 for the same period in 2009, representing a decrease in 30%. After the improvement conducted by the management, the hotel room sales revenue increased to HK\$35,286,000 from 1 April 2010 to 30 September 2010, representing an increase of 28% compared to the same period last year.

The food and beverage revenue increased gradually from HK\$1,149,000 (From April to September 2006) to HK\$2,330,000 (From April to September 2009) representing a 103% increase. It increased to HK\$2,716,000 for the same period this year.

The turnover increased from HK\$29,957,000 to HK\$38,002,000 representing a 27% increase after the improvement conducted by the management.

- B. Turnover is the Group's revenue, which represents the service provided, net of rebates and discounts. An analysis of the Group's turnover and other revenue are as follows:

	Unaudited Six months ended 30 September	
	2010 HK\$'000	2009 HK\$'000
Turnover		
Hotel operations and management services	38,002	29,957
Other revenues		
Loan interest income and arrangement fee income less costs for recovery (non-recovering Group Business)	282	8,782
Bank interest income	1	1
Other income	—	142
	283	8,925
Total revenues	38,285	38,882

### 3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Hotel operation business
- Money lending business

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Corporate expenses, assets and liabilities are not allocated to the reportable segments as they are not included in the measure of the segments' profit, assets and liabilities that is used by the chief operating decision-makers for assessment of segment performance.

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

##### For the six months ended 30 September 2010 (Unaudited)

	Hotel operation business HK\$'000	Money lending business HK\$'000	Consolidated HK\$'000
REVENUE	38,002	282	38,284
RESULT			
Segment profit (loss)	6,832	(507)	6,325
Unallocated operating income			1
Unallocated expenses			(2,643)
Profit before tax			3,683

##### For the six months ended 30 September 2009 (Unaudited)

	Hotel operation business HK\$'000	Money lending business HK\$'000	Consolidated HK\$'000
REVENUE	30,099	8,782	38,881
RESULT			
Segment profit (loss)	(224)	8,755	8,531
Unallocated operating income			1
Unallocated expenses			(3,714)
Profit before tax			4,818

#### 4. FINANCE COSTS

Finance costs comprise the following:

	Unaudited Six months ended 30 September	
	2010 HK\$'000	2009 HK\$'000
Interest on bank loans not wholly payable within five years	500	1,399
Interest on bank loans wholly payable within five years	1,196	1,889
Total borrowing costs incurred	1,696	3,288
Bank charges	15	5
	1,711	3,293

#### 5. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the period. Overseas taxation is provided for the overseas operations in accordance with the tax laws of the countries in which the entities operate.

The amount of taxation charged to the consolidated statement of comprehensive income represents:

	Unaudited Six months ended 30 September	
	2010 HK\$'000	2009 HK\$'000
Current year tax charge	—	1,445
Deferred tax charge	1,986	736
	1,986	2,181

#### 6. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

Profit for the period is stated after charging the following:

	Unaudited Six months ended 30 September	
	2010 HK\$'000	2009 HK\$'000
Staff costs	9,563	11,720
Depreciation of property, plant and equipment	8,647	8,824
Amortisation of intangible assets	583	583
Release of prepaid lease payments to profit or loss	151	151

## 7. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the following data:

	Unaudited Six months ended 30 September	
	2010 HK\$'000	2009 HK\$'000
<b>Earnings</b>		
Earnings attributable to equity holders of the Company for the purpose of the calculation of basic earnings per share	1,771	2,711
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of the calculation of basic earnings per share	1,310,925,244	1,310,925,244

No diluted earnings per share is shown as the Company has no potential dilutive ordinary shares at 30 September 2010 and 30 September 2009.

## 8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
Trade receivables (note (a))	7,836	6,544
Less: allowance for doubtful debts (note (b))	(251)	(251)
	7,585	6,293
Other receivables	3,450	3,529
Deposits and prepayments	521	853
	11,556	10,675

## 8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(Continued)

- (a) The Group allows a credit period from nil to one month to its trade customers. All the trade receivables are expected to be recovered within one year. The following is an ageing analysis of trade receivables, net of allowances, at the end of the reporting period:

	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
Within 30 days	3,239	4,207
31-60 days	2,675	1,956
61-90 days	1,409	7
Over 90 days	262	123
	<b>7,585</b>	<b>6,293</b>

- (b) No additional impairment to trade receivables was made during the period. Except for HK\$251,000, the remaining balance were neither past due nor impaired, which relate to a wide range of customers for whom there was no recent history of default. The Group does not hold any collateral over these balances.

## 9. LOANS RECEIVABLE

	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
Facilities	2,700	2,700
Interest receivables less costs for recovery	37	1
	<b>2,737</b>	<b>2,701</b>

At 30 September 2010, the effective interest rate ranged from 1.5% to 2% per month.

## 10. BANK LOANS

	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
At 30 September 2010, the Group's bank loans are secured and repayable as follows:		
Within one year	187,320	181,815
After one year but within two years	16,966	16,530
After two year but within five years	51,789	50,912
After five years	119,964	130,045
	376,039	379,302
Less: Amount due for settlement within 12 months (shown under current liabilities)	187,320	181,815
Amount due for settlement after 12 months	188,719	197,487

As at 30 September 2010, bank loans are secured by the first legal charge of the hotel property of the Group, the corporate guarantee from the Company and guarantees from directors of the Group and their related companies.

The bank loans carry a variable interest rate with reference to the Hong Kong Inter-Bank Offer Rate.

## 11. SHARE CAPITAL

	Ordinary shares of HK\$0.02 each	
	Number of shares	HK\$'000
Authorised:		
At 1 April 2010 and 30 September 2010	3,000,000,000	60,000
Issued and fully paid:		
At 1 April 2010 and 30 September 2010	1,310,925,244	26,218

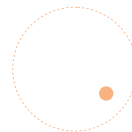


## 12. RELATED PARTY TRANSACTIONS

As at 30 September 2010, the directors consider the ultimate holding company of the Company to be Winland Stock (BVI) Limited which incorporated in the British Virgin Islands.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

- (a) As at 30 September 2010, the Group's bank of HK\$376,039,000 (31 March 2010: HK\$379,302,000) were secured by personal guarantees from Mr. Lun Chi Yim and Mr. Lun Yiu Kay Edwin, directors of the Company, and corporate guarantees from Winland Finance Limited, Winland Enterprises Limited and Falcome Company Limited which are related parties of the Company.
- (b) Amount due to a minority shareholder is unsecured, interest free and repayable on demand.



## INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 September 2010 (2009: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group mainly focuses on the operation of Mexan Harbour Hotel, a 800-room four-star hotel in Tsing Yi. For the six months ended 30 September 2010, the Group recorded a turnover of approximately HK\$38 million (2009: HK\$30 million) generated from hotel operations. Due to economic recovery and the rising number of in bound tours and visitors, improved hotel room occupancy rate had led to the increase in turnover. On the other hand, management team improved the room sales system and the revenue resume normally.

The profit before tax for the period was approximately HK\$3.7 million (2009: HK\$4.8 million), representing a decrease of 23% as compared with the corresponding period in last year. Despite there had been growth in the results from hotel operation, the loan interest income generated from the non-recurring money lending business has dropped significantly. The interest earned from a loan to a third party during the period was approximately HK\$0.3 million (2009: HK\$8.7 million).

Looking forward, the Group foresees that the number of visitors to Hong Kong will continue increasing. However, the global economy remains uncertain. The management will closely monitor any future fluctuations and uncertainties of the market, continues optimizing its earnings, implementing strict cost controls and keep on improving their quality of services to customers. The Directors remain fully confident of the development of its businesses in the medium to long term prospects of the Group.



## LIQUIDITY AND FINANCIAL INFORMATION

As at 30 September 2010, the Group's total borrowings amounted to approximately HK\$376 million (31 March 2010: HK\$379 million). As at 30 September 2010, cash and bank balances amounted to approximately HK\$8 million (31 March 2010: HK\$6 million). The Group's net assets as at 30 September 2010 amounted to approximately HK\$232 million (31 March 2010: HK\$230 million).

Gearing ratio of the Group which is expressed as a percentage of total borrowings to shareholders' funds was approximately 163% as at 30 September 2010 compared to approximately 165% as at 31 March 2010.

Of the Group's total borrowings as at 30 September 2010, approximately HK\$187 million (50%) would be due within one year, approximately HK\$17 million (4%) would be due in more than one year but not exceeding two years, approximately HK\$52 million (14%) would be due in more than two years but not exceeding five years and the remaining balance of approximately HK\$120 million (32%) would be due in more than five years.

The Group's total borrowings were denominated in Hong Kong dollars, and bear a variable interest rate.

The above borrowings were secured by the hotel property, corporate guarantee from the Company and guarantees from directors and their related companies.

The Group has limited exposure to foreign exchange fluctuations as the Group's transactions including the borrowings are mainly conducted in Hong Kong dollars. As at 30 September 2010, the Group had no significant exposure under foreign exchange contracts, interest or currency swaps or other financial derivative.

## EMPLOYEE INFORMATION AND EMOLUMENT POLICY

As at 30 September 2010, the Group had approximately 134 employees. Remuneration packages are generally structured by reference to market terms and individual qualifications. The emoluments of the Directors are determined having regard to the comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration. The remuneration policies of the Group are normally reviewed on a periodical basis. The Group participates in a mandatory provident fund scheme that covers all the eligible employees of the Group.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## SHARE OPTION SCHEME

The existing share option scheme of the Company (the "Scheme") has been adopted on 27 September 2004 for a term of 10 years from the date of adoption. No option has been granted under the Scheme during the period from the date of its adoption up to 30 September 2010.

A summary of the principal terms of the Scheme has been set out in the 2010 annual report of the Company. The terms of the Scheme have never been amended since its adoption.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2010, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

### (1) LONG POSITIONS IN SHARES OF THE COMPANY

Name of Director	No. of shares of HK\$0.02 each held	Capacity/ nature of interest	Approximate shareholding percentage as at 30 September 2010 (%)
Lun Chi Yim	711,108,037	Interest of controlled corporation/ Corporate interest	54.24

Note:

These 711,108,037 shares are held by Winland Wealth (BVI) Limited. Winland Wealth (BVI) Limited is wholly owned by Winland Stock (BVI) Limited which is in turn wholly owned by Mr. Lun Chi Yim. Accordingly, both Winland Stock (BVI) Limited and Mr. Lun Chi Yim are deemed to be interested in the said 711,108,037 shares under the SFO.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

### (2) LONG POSITIONS IN SHARES OF ASSOCIATED CORPORATION

Name of associated corporation	Name of Director	No. of shares of US\$1.00 each held	Capacity/ nature of interest	Shareholding percentage as at 30 September 2010 (%)
Winland Stock (BVI) Limited	Lun Chi Yim	1	Beneficial owner/ Personal interest	100
Winland Wealth (BVI) Limited	Lun Chi Yim	1	Interest of controlled corporation/ Corporate interest	100

Save as disclosed above, as at 30 September 2010, none of the Directors or chief executive of the Company or any of their respective associates had registered an interest or short position in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which are required to be recorded under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed under the section headed "SHARE OPTION SCHEME", at no time during the six months ended 30 September 2010 was the Company, any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS

As at 30 September 2010, the following corporations and persons, other than the Directors whose interests are disclosed above, who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name	Long/short position	No. of shares of HK\$0.02 each held	Capacity/ nature of interest	Approximate shareholding percentage as at 30 September 2010 (%)
Winland Wealth (BVI) Limited (Note i)	Long	711,108,037 (Note i)	Beneficial owner/ Beneficial interest	54.24
Suen Chui Fan (Note ii)	Long	711,108,037 (Note ii)	Interest of spouse/ Family interest	54.24
Winland Stock (BVI) Limited (Note iii)	Long	711,108,037 (Note iii)	Interest of controlled corporation/ Corporate interest	54.24

### Notes:

- i. Mr. Lun Chi Yim was deemed to be interested by virtue of the SFO in the 711,108,037 shares of the Company held by Winland Wealth (BVI) Limited which was wholly owned by Winland Stock (BVI) Limited, a company wholly-owned by Mr. Lun.
- ii. Ms. Suen Chui Fan, the spouse of Mr. Lun Chi Yim, is deemed to be interested in Mr. Lun's shares which represented the same parcel of shares of the Company as held by Winland Wealth (BVI) Limited.
- iii. Winland Stock (BVI) Limited has declared an interest in 711,108,037 shares by virtue of its shareholding in its wholly-owned subsidiary, Winland Wealth (BVI) Limited.

Save as disclosed above, as at 30 September 2010, none of the substantial shareholder or other persons, other than the Directors or chief executive of the Company, had any interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.



## **CORPORATE GOVERNANCE PRACTICES**

In the opinion of the directors, the Company has complied with the applicable code provisions out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2010 except for the following deviation:

Under the code provision A.4.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, in accordance with the Bye-laws, the Chairman and Managing Director are not subject to retirement by rotation or taken into account on determining the number of directors to retire. This constitutes a deviation from code provision A.4.2 of the CG Code. The Chairman and Managing Director of the Company voluntarily retired for compliance with the requirement of the code provision A.4.2 and were re-elected at the annual general meeting held on 27 August 2010 as they held office as Directors for three years since their last re-election.

## **CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS**

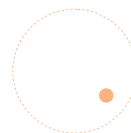
During the period under review, there is no change in biographical details of Directors since the date of the 2010 Annual Report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **AUDIT COMMITTEE**

The Audit Committee of the Company, with terms of reference in compliance with the provisions set out in the CG Code, comprises all the independent non-executive directors. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 September 2010 and discussed with the management the accounting principles and practices and internal control of the Group.

## **REMUNERATION COMMITTEE**

The Remuneration Committee, with terms of reference in compliance with the provisions set out in the CG Code, comprises three members, a majority of whom are independent non-executive directors. The role and function of the Remuneration Committee is to review, discuss and approve the remuneration mechanism of the directors and senior management of the Company and to establish and maintain a reasonable and competitive remuneration level in order to attract and retain the directors and senior management.



## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 of the Model Code of the Listing Rules. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions during the six months ended 30 September 2010.

## APPRECIATION

We would like to thank all of our customers, suppliers, shareholders, professional advisers and bankers for their continuous support and all members of our management and staff for their dedicated work and effort during the period under review.

By Order of the Board

**MEXAN LIMITED**

**Lun Chi Yim**

*Chairman*

Hong Kong, 26 November 2010