MEXAN LIMITED
茂盛控股有限公司*

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

FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2010

RESULTS

The board of directors (the "Board") of MEXAN LIMITED (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010, together with comparative figures for the corresponding year 2009 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Turnover	*4*	**66,081**	75,768
Direct costs		**(22,036)**	(23,803)
Gross profit		**44,045**	51,965
Other revenue	*4*	**16,712**	17,488
Administrative expenses		**(50,093)**	(41,113)
Finance costs	*5*	**(6,204)**	(10,201)
Profit before income tax	*6*	**4,460**	18,139
Income tax	*7*	**(2,901)**	(4,234)
Profit and total comprehensive income for the year		**1,559**	13,905
Profit and total comprehensive income attributable to:			
Owners of the Company		**1,713**	14,066
Minority interests		**(154)**	(161)
		1,559	13,905
Basic earnings per share (HK cents)	*8*	**0.13**	1.07

* *For identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**596,489**	613,976
Intangible assets		**7,681**	8,847
Prepaid lease payments		**10,943**	11,245
Club debentures		**1,350**	1,350
		616,463	635,418
Current assets			
Inventories		**226**	276
Prepaid lease payments		**302**	302
Trade and other receivables, deposits and prepayments	*9*	**10,675**	4,398
Loans receivable	*10*	**2,701**	125,225
Tax recoverable		**1,577**	—
Bank balances		**6,202**	5,248
		21,683	135,449
Current liabilities			
Other payables, deposits received and accrued charges		**16,866**	7,354
Amount due to a minority shareholder		**6,414**	6,414
Dividend payable		**1,515**	1,515
Bank loans		**181,815**	309,182
Tax payable		**—**	2,814
		206,610	327,279
Net current liabilities		**(184,927)**	(191,830)
Total assets less current liabilities		**431,536**	443,588
Non-current liabilities			
Bank loans		**197,487**	213,271
Deferred tax liabilities		**3,593**	1,420
		201,080	214,691
Net assets		**230,456**	228,897
EQUITY			
Share capital		**26,218**	26,218
Reserves		**205,165**	203,452
Equity attributable to owners of the Company		**231,383**	229,670
Minority interests		**(927)**	(773)
TOTAL EQUITY		**230,456**	228,897

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("HK(IFRIC)") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The financial statements are prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis, assuming that the Group will continue to operate as a going concern, notwithstanding the fact that the Group suffered net current liabilities of HK$184,927,000 as at 31 March 2010 (2009: HK$191,830,000). The validity of the Company's and the Group's ability to continue as a going concern depends on the success of the Group's future operations and the ability of the Group to renew or replace the banking facilities as they fall due.

On 1 April 2010, the Group obtained its principal banker's renewed banking facilities letter in which the bank provided its banking facilities to the Group of up to HK$565,802,000 for the next coming twelve months. Drawdown from this facility will be subject to the bank's normal approval procedures. As at 31 March 2010, about HK$186,500,000 of these facilities still remain unused.

Based on the above, the directors believe that the Group and the Company will have sufficient cash resources to satisfy their future working capital and other financing requirements. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group and the Company fail to continue as a going concern.

2. ADOPTION OF NEW AND REVISED STANDARDS

(a) Adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) — Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) — Interpretation 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Interpretation 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Interpretation 18	Transfers of Assets from Customers

The adoption of the above new/revised HKFRSs had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods, except for following changes:—

HKAS 1 (Revised) "Presentation of Financial Statements"

The revised standard affects certain disclosures of financial statements. Under the revised standard, the Income Statement, the Balance Sheet and the Cash Flow Statement are renamed as the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Cash Flows respectively. All income and expenses arising from transactions with non-owners are presented under the Statement of Comprehensive Income; while the owners' changes in equity are presented under the Statement of Changes in Equity.

HKFRS 8 "Operating Segment"

HKFRS 8 replaces HKAS 14 "Segment Reporting", and requires operating segment to be identified on the basis of internal reports of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's chief operating decision-maker. Corresponding amounts have been provided on a basis consistent with the revised segment information as detailed in Note 3.

HKFRS 7 (Amendments) Improving Disclosures about Financial Instruments

The amendments to HKFRS 7 expand the disclosure relating to fair value measurements for financial instruments that are measured at fair value and liquidity risk of financial liabilities including issued financial guarantee contracts.

(b) Potential impact arising on HKFRSs not yet effective

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective, but potentially relevant to the Group's operations.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010 [3]
Amendments to HKAS 32	Classification of Rights Issues [5]
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions [4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
HKFRS 3 (Revised)	Business Combinations [1]
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners [1]
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [6]
HKAS 24 (Revised)	Related Party Disclosures [7]
HKFRS 9	Financial Instruments [8]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2011, as appropriate
[4] Effective for annual periods beginning on or after 1 January 2010
[5] Effective for annual periods beginning on or after 1 February 2010
[6] Effective for annual periods beginning on or after 1 July 2010
[7] Effective for annual periods beginning on or after 1 January 2011
[8] Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendment, effective from 1 January 2010, removes the requirement for leasee to classify leasehold land as operating leases and present as prepaid lease payments in the statement of financial position. Instead, the amendment requires the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT REPORTING

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, asset and liabilities that is used by the chief operating decision-makers for assessment of segment performance.

(a) Business segments

	Hotel operation business		Money lending business		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**66,081**	75,768	**16,711**	17,083	**82,792**	92,851
Reportable segment profit	**9,385**	19,097	**6,285**	15,729	**15,670**	34,826
Interest revenue	**1**	8	**—**	—	**1**	8
Interest expense	**(5,229)**	(8,866)	**—**	—	**(5,229)**	(8,866)
Depreciation and amortisation	**(18,739)**	(18,798)	**—**	—	**(18,739)**	(18,798)
Income tax expenses	**(2,173)**	(1,420)	**(728)**	(2,814)	**(2,901)**	(4,234)
Reportable segment assets	**615,974**	631,057	**7,852**	125,244	**623,826**	756,301
Additions to non-current assets	**89**	132	**—**	—	**89**	132
Reportable segment liabilities	**387,753**	428,555	**9,400**	102,867	**397,153**	531,422

(b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	2010	2009
	HK$'000	*HK$'000*
Profit before income tax		
Reportable segment profit	**15,670**	34,826
Unallocated corporate expenses	**(5,981)**	(7,821)
Finance costs	**(5,229)**	(8,866)
Consolidated profit before income tax	**4,460**	18,139

	2010	2009
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**623,826**	756,301
Unallocated corporate assets	**14,320**	14,566
Consolidated total assets	**638,146**	770,867

	2010	2009
	HK$	*HK$*
Liabilities		
Reportable segment liabilities	**397,153**	531,422
Unallocated corporate liabilities	**10,537**	10,548
Consolidated total liabilities	**407,690**	541,970

(c) Geographical information

During 2010 and 2009, the Group's operations and non-current assets are situated in Hong Kong in which all of its revenue was derived.

(d) Major customers

The Group's customer base is diversified and there were five customers (2009: four) with whom transactions have exceeded 10% of the Group's revenue. In 2010, revenue from four customers in the hotel operation business segment amounted to approximately HK$11,400,000, HK$9,910,000, HK$8,810,000 and HK$6,990,000 (2009: revenue from three customers in the hotel operation business segment amounted to approximately HK$19,540,000, HK$13,080,000 and HK$10,100,000).

In 2010, revenue from one customer in the money lending business segment amounted to approximately HK$16,200,000 (2009: revenue from the one customer in the money lending business amounted to approximately HK$17,000,000).

4. TURNOVER AND OTHER REVENUE

Turnover is the Group's revenue, which represents the service provided, net of rebates and discounts arrived from hotel operation.

An analysis of the Group's turnover and other revenue are as follows:

	2010	2009
	HK$'000	*HK$'000*
Turnover		
Hotel operations and management services		
— Hotel rooms sales	**60,698**	70,306
— Food and beverage income	**4,822**	4,916
— Miscellaneous sales	**561**	546
	66,081	75,768
Other revenue		
Loan interest income and arrangement fee income	**16,711**	17,083
Bank interest income	**1**	12
Other income	**—**	393
	16,712	17,488
Total revenues	**82,793**	93,256

5. FINANCE COSTS

Finance costs comprise the following:

	2010 *HK$'000*	2009 *HK$'000*
Interest on bank loans		
— wholly repayable within five years	**3,346**	5,149
— not wholly repayable within five years	**2,852**	5,031
Total borrowing costs incurred	**6,198**	10,180
Bank charges	**6**	21
	6,204	10,201

6. PROFIT BEFORE INCOME TAX

	2010 *HK$'000*	2009 *HK$'000*
Profit before income tax is stated after charging the following:		
Cost of services provided	**22,036**	23,803
Auditor's remuneration	**420**	410
Depreciation of property, plant and equipment	**17,576**	17,635
Amortisation of intangible assets	**1,166**	1,167
Provision for doubtful debt	**232**	19
Release of prepaid lease payments to profit or loss	**302**	302
Staff costs (including directors' emoluments)		
— Salaries and allowances	**30,977**	23,800
— Retirement benefit cost	**902**	929
	31,879	24,729

The MPF contributions made by the Group for the eligible employees in Hong Kong during the year amounted to HK$902,000 (2009: HK$929,000).

7. TAXATION

(a) Hong Kong profits tax is provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the year.

The income tax charge in the consolidated statement of comprehensive income represents:

	2010 *HK$'000*	2009 *HK$'000*
Current year tax charge	**728**	2,814
Deferred tax charge	**2,173**	1,420
	2,901	4,234

(b) The income tax charge for the year can be reconciled to the accounting profit as follows:

	2010	2009
	HK$'000	*HK$'000*
Profit before income tax	**4,460**	18,139
Calculated at the tax rate of 16.5% (2009: 16.5%)	**736**	2,993
Tax effect of income and expenses not subject to taxation	**36**	282
Tax effect of expenses not deductible for tax purposes	**3,132**	2,318
Tax effect of income non-taxable for tax purpose	**(263)**	(272)
Unrecognised tax losses and deductible temporary differences	**927**	—
Utilisation of tax losses previously not recognised	**(1,667)**	(1,087)
Income tax charge	**2,901**	4,234

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data.

	2010	2009
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**1,713**	14,066

Number of shares

Weighted average number of ordinary shares for the purpose 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 dilutive potential ordinary shares at 31 March 2010 and 2009.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	
	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**6,544**	3,117
Less: allowance for doubtful debts *(Note (b))*	**(251)**	(19)
	6,293	3,098
Other receivables	**3,529**	79
Deposits and prepayments	**853**	1,221
	10,675	4,398

(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 allowance, at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**4,207**	2,797
31 — 60 days	**1,956**	301
61 — 90 days	**7**	—
Over 90 days	**123**	—
	6,293	3,098

Before accepting any new customer, the Group assesses the potential customer's quality and defines credit limit by customer.

At 31 March 2010, trade receivables of HK$4,207,000 (2009: HK$2,797,000) are neither past due nor impaired. The Group considers the credit quality of the trade receivables within the credit limit set by the Group using the internal assessment taking into account of the repayment history and financial difficulties (if any) of the trade debtors and did not identify any credit risk on these trade receivables. Included in the Group's trade receivables balance of HK$2,086,000 (2009: HK$301,000) at 31 March 2010 were past due at 31 March 2010 against which the Group has not provided for impairment loss. Trade receivables that were past due but not impaired relate to independent customers that have a good track record with the Group. Based on the past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(b) The movements in the allowance for doubtful debts during the year are as follows:

The below table reconciled the impairment loss of trade receivables for the year:

	Group	
	2010	2009
	HK$'000	*HK$'000*
At 1 January	**19**	—
Impairment loss recognised	**232**	19
At 31 March	**251**	19

Included in the allowance for doubtful debts are individually impaired trade receivables with aggregate balance of HK$251,000 (2009: HK$19,000) which related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered.

10. LOANS RECEIVABLE

	Group	
	2010	2009
	HK$'000	*HK$'000*
Facilities *(note)*	**2,700**	108,900
Interest receivables	**1**	16,325
	2,701	125,225

At 31 March 2010, the effective interest rate ranged from 1.5% to 2% monthly.

Note:

Out of the total HK$108,900,000 loan facilities noted as at 31 March 2009, HK$104,000,000 loan facility ("Loan Facility") was made available by Winland Mortgage Limited ("Winland Mortgage"), a wholly owned subsidiary of the Company, to a borrower (the "Borrower"), a company incorporated in Hong Kong with limited liability and was principally engaged in property holding, for a period of four months from the date of drawdown. The Loan Facility was drawdown by the Borrower on 8 August 2008. A non-refundable arrangement fee of 0.8% and 2.0% monthly interest rate was charged on the Loan Facility.

Loan Facility was secured in favour to Winland Mortgage by (i) debenture incorporating a fixed legal charge on a property of the Borrower, a hotel property named Tatami Hampton Hotel No.11 Changsha Street Kowloon of Kowloon Island Lot No.7339 (the "Property") and floating charge on all the Borrower's assets and undertaking and uncalled capital; (ii) assignment of sales proceeds from the sale of the Property; (iii) assignment of the relevant insurance policies of adequate coverage relating to the Property; (iv) irrevocable power of attorney to deal with the Property; and (v) other ancillary or further documents or securities as Winland Mortgage or its legal advisors required.

With reference to the announcements made by the Company dated 5 December 2008, 11 June 2009 and 13 July 2009, the Company extended the repayment period of Loan Facility upon the request of the Borrower for a further terms of 6 months, 1 month and 6 months respectively with interest charged on the outstanding amount of Loan Facility.

On 10 July 2009, Winland Mortgage, the Borrower and other relevant parties entered into a deed of settlement ("Settlement Deed") in relation to various matters on sale and purchase of the Property.

On 26 November 2009, Winland Mortgage appointed receivers ("Receivers") to take possession of the Property in order to secure the due completion of sale and purchase of the Property by the Borrower. On 17 December 2009, Receivers completed the sale and purchase of the Property at consideration of HK$147,000,000. After deducting the payments to other relevant parties on the sale of the Property, Winland Mortgage would receive the amount of HK$140,354,154, by which the principal amount and part of loan interests of Loan Facility and various costs related to collection were recovered.

Up to the date of the approval of the financial statements, the Group had received HK$136,904,154. The remaining balance HK$3,450,000 is in the custody of a lawyer for which is included in Other Receivables.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year 31 March 2010 (2009: Nil).

BUSINESS REVIEW

Results

The Group's profit and total comprehensive income for the year was presented as follows:

	Year ended 31/3/2010 ***HK$'000***	Year ended 31/3/2009 *HK$'000*
Hotel business and other operation	**(3,998)**	990
Money lending business	**5,557**	12,915
Profit and total comprehensive income for the year	**1,559**	13,905

Turnover of the Group for the year ended 31 March 2010 amounted to approximately HK$66.1 million which solely comprised the turnover generated from the hotel operation, representing a decrease of 13% when compared with the turnover of approximately HK$75.8 million generated for last year.

The Group recorded a profit attributable to owners of the Company of approximately HK$1.7 million for the year ended 31 March 2010. Excluding the profit attributable to owners of the Company resulted from the money lending business of approximately HK$5.5 million, the Group has recorded a loss attributable to owners of the Company of approximately HK$3.8 million from the hotel business and other operation.

The decrease of profit and total comprehensive income in this year was mainly attributable to the decrease of turnover generated from the hotel operation, and the payment of bonus to directors, even though interest expenses have been decreased in current year.

Turnover generated from hotel operations for recent years

The turnover generated from hotel operations for recent years was presented as follows:

	Year ended 31/3/2010 ***HK$'000***	Year ended 31/3/2009 *HK$'000*	Year ended 31/3/2008 *HK$'000*
Hotel rooms sales	**60,698**	70,306	70,178
Food and beverage income	**4,822**	4,916	4,123
Miscellaneous sales	**561**	546	503
Turnover	**66,081**	75,768	74,804

Turnover generated from hotel rooms sales was decreasing while turnover generated from food and beverage was increasing when comparing the amount between year ended 31 March 2010 and year ended 31 March 2008.

Review of Operation

Hotel business

The Group operates the Mexan Harbour Hotel, a 800-room hotel in Tsing Yi, maintained an average occupancy rate of approximately 85% for the year under review, compared to an average occupancy rate of approximately 91% for last year. The drop in turnover in current year was mainly due to the outbreak of the human swine flu.

Others

Approximately HK$16.7 million of other income generated for the year ended 31 March 2010 which represented the loan interest income generated from money lending business. The loan interest income was substantially generated from a loan to a third party amounted to HK$104 million and this loan was repaid during the year.

Prospects

As benefited from a recovering economic environment, it is expected that the operating performance of the hotel business in the Group for the coming year will have improvement when compared to this year.

The significant amount of loan interest income recorded in last year and current year was mainly generated from a loan to a third party. The Group received the loan principal amount and the relevant income during the current year. The directors considered that the income from this loan is unusual and non-recurrent, and the directors had put a lot of effort to manage this loan. The revenue for the coming year generated from money lending business is expected to be decreased significantly.

Liquidity and Financial Information

During the year under review, cashflow of the Group was mainly generated from the hotel operations and money lending business. As at 31 March 2010, the Group's total borrowings amounted to approximately HK$379 million compared with approximately HK$522 million as at 31 March 2009. The decrease of the Group's total borrowings was due to the repayment of significant amount of debt received from the money lending business.

As at 31 March 2010, cash and bank balances amounted to approximately HK$6 million compared with cash and bank balances of approximately HK$5 million last year. The Group's net assets as at 31 March 2010 amounted to approximately HK$230 million compared with approximately HK$229 million last year.

Gearing ratio of the Group which is expressed as a percentage of total borrowings to total equity was approximately 165% as at 31 March 2010 compared to approximately 228% as at 31 March 2009. Net gearing ratio of the Group which is expressed as a percentage of net borrowings (total borrowings less cash and bank balance) to total equity was approximately 162% compared with approximately 226% last year.

Of the Group's total borrowings as at 31 March 2010, approximately HK$182 million (48%) would be due within one year, approximately HK$16 million (4%) would be due in more than one year but not exceeding two years, approximately HK$51 million (14%) would be due in more than two years but not exceeding five years and the remaining balance of approximately HK$130 million (34%) would be due after five years.

The total borrowings were denominated in HKD 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.

Treasury Policies

The Group generally financed its operations with internally generated resources and credit facilities. Bank deposits are denominated in HKD.

Foreign Exchange Exposure

The Group has limited exposure to foreign exchange fluctuations as the Group's transactions including the borrowings are mainly recorded in the currency most connected with the Group's businesses in the countries concerned and the borrowings were balanced by assets in the same currencies.

In addition, the Group had not implemented major hedging or other alternative measures during the year ended 31 March 2010 as the foreign currency risk exposure was considered to be minimal. As at 31 March 2010, the Group had no significant exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Equity

Total equity of the Group as at 31 March 2010 was approximately HK$230 million compared with approximately HK$229 million last year. Total equity attributable to equity holders of the Company as at 31 March 2010 was approximately HK$231 million compared with approximately HK$230 million last year. The increase was resulted from the profit generated for the year under review.

Employee Information and Emolument Policy

As at 31 March 2010, the total number of employees of the Group was 132 (2009: 135). 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 of the Company, or any of his associates, and executive is involved in dealing his own remuneration. The remuneration policies of the Group are normally reviewed on periodic basis. The Group participates in pension schemes which cover all the eligible employees of the Group.

Contingent Liability

(a) On 16 January 2010, the Borrower commenced a legal action against the Company, Winland Mortgage and a director of the Company for breach of the Settlement Deed.

The Court opined that the Settlement Deed did not bar Winland Mortgage's rights to seek redress against the Borrower on the Loan Facility, therefore the claims by the Borrower in the legal action are unlikely to succeed.

Although the Borrower filed a notice to appeal against the decision on 13 February 2010. Up to 24 May 2010, there was no further action taken by the Borrower in respect of the appeal.

On 24 May 2010, the Borrower was compulsorily wound up by the High Court. Up to the date of this announcement, the liquidators of the Borrower had not made any indication to pursue the above actions.

(b) At the end of the reporting period, the Company had a financial guarantee contract issued to a bank in respect of banking facilities of an aggregate amount of HK$580,584,000 (2009: HK$542,431,000) granted to its subsidiaries. The amount utilised by the subsidiaries amounted to approximately HK$379,302,000 (2009: HK$522,453,000) as at 31 March 2010. The Directors of the Company are of the view that such obligation will not cause an outflow of resources embodying economic benefits.

The fair values of these financial guarantee contracts are not significant. The Company has not recognised any deferred income in respect of the guarantees as the fair values cannot be reliably measured and its transaction price was Nil.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors of the Company, the Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules for the year under review, except for the deviation from code provision A.4.2 of the CG Code as follows:

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 of A.4.2 of the CG Code. As continuation is a key factor to the successful implementation of business plans, the Board believes that the roles of the Chairman and Managing Director provide the Group with strong and consistent leadership and are beneficial to the Company especially in planning and execution of business strategies and also believes that the present arrangement is beneficial to the Company and the shareholders of the Company as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Having made specific enquiry to all directors, all directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transaction throughout the year.

REVIEW BY AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprises of three members, including Mr. Lam Yiu Pang Albert, Dr. Tse Kwing Chuen and Mr. Ng Hung Sui Kenneth. The Audit Committee has reviewed with BDO Limited, the financial statements for the year ended 31 March 2010 and has also discussed auditing, internal control and financial reporting matters of the Group.

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

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

By Order of the Board
MEXAN LIMITED
Lun Chi Yim
Chairman

Hong Kong, 9 July 2010

As at the date of this announcement, the Executive Directors are Mr. Lun Chi Yim (Chairman), Mr. Lun Yiu Kay Edwin (Managing Director) and Mr. Ng Tze Ho Joseph and the Independent Non-Executive Directors are Dr. Tse Kwing Chuen, Mr. Ng Hung Sui Kenneth and Mr. Lam Yiu Pang Albert.