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 2014

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 2014, together with comparative figures for the corresponding year 2013 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	4	**169,060**	149,434
Direct costs		**(25,188)**	(25,725)
Gross profit		**143,872**	123,709
Other revenue	4	**2,836**	6
Administrative and other operating expenses		**(57,296)**	(45,487)
Depreciation and amortisation		**(18,926)**	(18,772)
Finance costs	5	**(2,326)**	(3,639)
Profit before income tax	6	**68,160**	55,817
Income tax expense	7	**(13,222)**	(12,493)
Profit and total comprehensive income for the year		**54,938**	43,324
Profit and total comprehensive income attributable to:			
Owners of the Company		**55,093**	43,478
Non-controlling interests		**(155)**	(154)
		54,938	43,324
Earnings per share – basic and diluted (HK cents)	8	**4.20**	3.32

* *For identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**528,915**	545,327
Intangible assets		**3,013**	4,180
Investment property		**10,037**	10,339
Club membership		**1,350**	1,350
		543,315	561,196
Current assets			
Inventories		**152**	198
Trade receivables, deposits and prepayments	9	**6,093**	11,072
Amounts due from related parties		**8**	48
Tax recoverable		**-**	37
Cash and bank balances		**19,637**	22,895
		25,890	34,250
Current liabilities			
Other payables, deposits received and accrued charges		**48,518**	45,847
Amounts due to a director		**21**	15
Amounts due to a non-controlling shareholder of a subsidiary		**6,414**	6,414
Amount due to a related party		**-**	2
Dividend payable		**-**	422
Bank loans		**151,097**	233,293
Tax payable		**4,309**	6,885
		210,359	292,878
Net current liabilities		**(184,469)**	(258,628)
Total assets less current liabilities		**358,846**	302,568
Non-current liabilities			
Deferred tax liabilities		**8,819**	7,901
Net assets		**350,027**	294,667
EQUITY			
Share capital		**26,218**	26,218
Reserves		**325,355**	269,840
Equity attributable to owners of the Company		**351,573**	296,058
Non-controlling interests		**(1,546)**	(1,391)
Total equity		**350,027**	294,667

Notes:

1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 April 2013

The Group has adopted the following new/revised HKFRSs which relevant to the Group's consolidated financial statements.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
Amendments to HKAS 1 (revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 19 (2011)	Employee Benefits

Except as explained below, the adoption of these amendments had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRSs (Amendments) - Annual Improvements 2010-2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

Amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis. The title used by HKAS 1 for the statement of comprehensive income has changed to "Statement of profit or loss and other comprehensive income". The Group has applied the new terminology to rename "statement of comprehensive income" as "statement of profit or loss and other comprehensive income". As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

HKFRS 10 - Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest. The adoption of HKFRS 10 does not have any material impact on the Group's financial position or performance.

HKFRS 12 - Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

(b) New/revised HKFRSs that have been issued but are not yet effective

At the date of approval of these financial statements, certain new or amended HKFRSs have been issued but are not yet effective, and have not been early adopted by the Group for the year ended 31 March 2014.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors are currently assessing the impact of the new and amended HKFRSs upon initial application. So far, the directors have preliminarily concluded that the initial application of these HKFRSs will not result in material financial impact on the consolidated financial statements. Information on new and amended HKFRSs that are expected to have an impact on the Group's accounting policies is provided below.

Amendments to HKAS 32 - Offsetting Financial Assets and Financial Liabilities

This standard is effective for accounting periods beginning on or after 1 January 2014. The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 - Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Basis of measurement

The consolidated financial statements are prepared under historical cost convention.

The consolidated financial statements have been prepared on a going concern basis, notwithstanding the fact that the Group had net current liabilities of HK$184,469,000 (2013: HK$258,628,000) as at 31 March 2014.

In the opinion of the directors, the Group is able to maintain itself as a going concern in the coming year by taking into consideration that:

(i) Included in the Group's borrowings classified as current liabilities as at 31 March 2014 were revolving loans of HK$5,000,000 for which the Group is able to continue using under the banking facilities granted by the bank. Moreover as at 31 March 2014, the Group has total banking facilities of HK$498,097,000 of which approximately HK$347,000,000 still remain unused. These facilities will be drawn under the Group's requisition through the bank's normal procedures; and

(ii) Bank loans with the aggregate carrying amount of approximately HK$128,869,000 that are repayable more than one year after the end of the reporting period per loan agreement, with repayment on demand clause, have been classified as current liabilities as at 31 March 2014 in accordance with Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause. Taking into account the Group's financial position, the directors believe that the bank will not exercise its discretionary rights to demand immediate repayment. The directors believe that these bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Based on the above, the directors are satisfied that the Group will have sufficient cash resources to satisfy their future working capital and other financing requirements and it is appropriate to prepare these consolidated financial statements on a going concern basis. Accordingly, these consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group fail to continue as a going concern. Should the Company be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively and to provide for any further liabilities which may arise. The effects of these potential adjustments have not been reflected in these financial statements.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollar (“HK$”) which is also the functional currency of the Company.

3. SEGMENT REPORTING

The Group has only one reportable operating segment which is the hotel operation. No operating segments have been aggregated to form the above reportable operating segment.

(a) Geographical information

During the years ended 31 March 2014 and 2013, the Group’s operations and non-current assets are situated in Hong Kong in which all of its revenue was derived.

(b) Information about a major customer

The Group’s customer base is diversified and there were three customers (2013: one) with whom transactions have exceeded 10% of the Group’s revenue during the year as follows:

	2014	2013
	HK$’000	HK$’000
Customer A	**44,211**	19,744
Customer B	**40,504**	N/A
Customer C	**25,006**	N/A
	109,721	19,744

4. TURNOVER AND OTHER REVENUE

Turnover, which is also the Group's revenue, represents the service provided, net of rebates and discounts.

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

	2014 HK$'000	2013 HK$'000
Turnover		
Hotel operations		
- Hotel room sales	**163,465**	143,660
- Food and beverage income	**5,199**	5,376
- Miscellaneous sales	**396**	398
	169,060	149,434
Other revenue		
Bank interest income	**8**	6
Write back of provision for doubtful debts	**19**	-
Write back of accrued expense and provision	**2,809**	-
	2,836	6
	171,896	149,440

5. FINANCE COSTS

Finance costs comprise the following:

	2014 HK$'000	2013 HK$'000
Interest on bank loans		
- wholly repayable within five years (Note)	**788**	2,029
- not wholly repayable within five years (Note)	**1,330**	1,604
Total borrowing costs incurred	**2,118**	3,633
Bank charges	**208**	6
	2,326	3,639

Note: The analysis show finance costs of bank loans, all of which contain a repayment on demand clause in accordance with the agreed schedule dates set out in the loan agreements.

6. PROFIT BEFORE INCOME TAX

	2014	2013
	HK$'000	HK$'000
Profit before income tax is arrived at after charging the following:		
Cost of services provided	**25,188**	25,725
Auditor's remuneration	**500**	485
Depreciation of property, plant and equipment	**17,457**	17,303
Depreciation of investment property	**302**	302
Amortisation of intangible assets	**1,167**	1,167
Loss on disposals of property, plant and equipment	**73**	-
Bad debts written off	**1,119**	-
Staff costs (including directors' emoluments)		
- Salaries and allowances	**59,673**	48,945
- Retirement benefit cost	**963**	909

7. INCOME TAX EXPENSE

(a) Hong Kong profits tax is provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the year.

Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2014	2013
	HK$'000	HK$'000
Current tax – Hong Kong Profits Tax		
provision for the year	**12,314**	10,672
over-provision in prior years	**(10)**	(69)
	12,304	10,603
Deferred taxation		
Origination and reversal of temporary differences, net	**918**	1,890
Income tax expense	**13,222**	12,493

(b) Income tax expense for the year can be reconciled to the accounting profit as follows:

	2014	2013
	HK$'000	HK$'000
Profit before income tax	**68,160**	55,817
Tax at appplicable tax rate of 16.5% (2013: 16.5%)	**11,246**	9,210
Tax effect of expenses not deductible for tax purposes	**1,722**	2,773
Tax effect of income not taxable for tax purposes	**(1)**	(1)
Over-provision in prior years	**(10)**	(69)
Unrecognised tax losses	**265**	580
Income tax expense	**13,222**	12,493

8. EARNINGS PER SHARE

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

	2014	2013
	HK$'000	HK$'000
Profit for the year attributable to owners of the Company	**55,093**	43,478
	HK$'000	HK$'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,310,925**	1,310,925

There is no dilutive potential share for the years ended 31 March 2014 and 2013.

9. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2014	2013
	HK$'000	HK$'000
Trade receivables	**4,829**	9,775
Less: Allowance for doubtful debts (Note (c))	**-**	(19)
	4,829	9,756
Deposits and prepayments	**1,264**	1,316
	6,093	11,072

(a) The Group allows an average credit period of one week (2013: one week) to its trade customers. All 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:

	2014	2013
	HK$'000	HK$'000
Within 30 days	**4,698**	9,212
31 – 60 days	**4**	410
61 – 90 days	**-**	134
Over 90 days	**127**	-
	4,829	9,756

(b) The ageing analysis of trade receivables, net of allowance, which are past due but not impaired is as follows:

	2014	2013
	HK$'000	HK$'000
Neither past due nor impaired	**3,211**	6,731
Within 30 days	**1,491**	2,684
31 – 60 days	**-**	207
61 – 90 days	**127**	134
Amount past due but not impaired	**1,618**	3,025
	4,829	9,756

Before accepting any new customer (other than walk-in customers), the Group assesses the potential customer's quality and defines credit limit by customer.

At 31 March 2014, trade receivables of HK$3,211,000 (2013: HK$6,731,000) 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$1,618,000 (2013: HK$3,025,000) at 31 March 2014 were past due at 31 March 2014 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.

(c) Movements in the allowance for doubtful debts during the year are as follows:

	2014	2013
	HK$'000	HK$'000
At 1 April	**19**	19
Less: Write-back of provision for doubtful debts	**(19)**	-
At 31 March	**-**	**19**

Allowance for bad debts as at 31 March 2013 have been recovered.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year 31 March 2014 (2013: Nil).

BUSINESS REVIEW

Results

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

	2014	2013
	HK$'000	HK$'000
Hotel business and other operation	**54,938**	43,324
Profit and total comprehensive income for the year	**54,938**	43,324

Turnover of the Group for the year ended 31 March 2014 amounted to approximately HK$169 million which solely comprised the turnover generated from the hotel operation, representing an increase of 13% when compared with the turnover of approximately HK$149 million generated in last year.

The Group recorded a profit attributable to owners of the Company of approximately HK$55 million for the year ended 31 March 2014, representing an increase of 27% when compared with the profit attributable to owners of the Company of approximately HK$43 million for the year ended 31 March 2013.

The increase of profit and total comprehensive income in this year was mainly attributable to the increase of turnover generated from the hotel operation.

Turnover generated from hotel operations for recent years

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

	2014	2013	2012
	HK$'000	HK$'000	HK$'000
Hotel room sales	**163,465**	143,660	91,528
Food and beverage income	**5,199**	5,376	5,058
Miscellaneous sales	**396**	398	378
Turnover	**169,060**	149,434	96,964

Turnover generated from hotel room sales was increasing when comparing the amount between years ended 31 March 2014 and 31 March 2013.

Review of Operation

Hotel business

The Group operates the Mexan Harbour Hotel, a 800-room hotel in Tsing Yi, maintained and average occupancy rate of approximately 99% for the year compared to an average occupancy rate of approximately 99% for last year. Benefited from the continued economic growth of mainland China, visitor arrivals during the year hit a record and visitor spending during the year helped the development of industry sectors including hotel and food and beverage consumption. During the year, the Group's core business recorded satisfactory performance and overall results grew year-on-year.

Prospects

Looking forward, given the uncertainties in global financial markets, the Group operates only one single hotel and it locates in Tsing Yi Island which is more isolate and the hotel income is unstable. In addition, since the hotel has opened about ten years since the late of 2004, elevators, air conditioning and water supply system in urgent need of replacement and repair, the majority of hotel rooms need to repair and renovation of facilities required to enhance the competitiveness of the hotel, which is expected in the coming year maintenance costs huge expense for the year is expected to increase significantly over the approximately 50%. In addition, the company also intends to arrange share placement in order to change the mode of operation of the hotel business in the Group.

Liquidity and Financial Information

During the year under review, cash flow of the Group was mainly generated from the hotel operations. As at 31 March 2014, the Group's total borrowings amounted to approximately HK$151 million compared with approximately HK$233 million as at 31 March 2013. The decrease of the Group's total borrowings was due to the repayment of significant amount of the loans.

As at 31 March 2014, cash and bank balances amounted to approximately HK$20 million compared with cash and bank balances of approximately HK$23 million last year. The Group's net assets as at 31 March 2014 amount to approximately HK$350 million compared with approximately HK$295 million last year.

Gearing ratio of the Group that is expressed as a percentage of total borrowings to total equity was approximately 43% as at 31 March 2014 compared to approximately 79% as at 31 March 2013. 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 38% compared with approximately 71% last year.

Of the Group's total borrowings as at 31 March 2014, approximately HK$22 million would be due within one year and approximately HK$129 million would be due for repayment after one year which contain a repayable on demand clause. The total borrowings were denominated in HK$ and bear a variable interest rate.

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

Treasury Policies

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

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.

Equity

Total equity of the Group as at 31 March 2014 was approximately HK$350 million compared with approximately HK$295 million last year. Total equity attributable to owners of the Company as at 31 March 2014 was approximately HK$352 million compared with approximately HK$296 million last year. The increase was resulted from the profit generated for the year.

Employee Information and Emolument Policy

As at 31 March 2014, the total number of employees of Group was 120 (2013: 118). 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 that cover all the eligible employees of the Group.

Contingent Liabilities

(a) On 16 January 2010, a borrower (the "Borrower") commenced a legal action against the Company, Winland Mortgage Limited ("Winland Mortgage") and a director of the Company for breach of the settlement deed.

The court opined that the deed of settlement did not bar Winland Mortgage's rights to seek redress against the Borrower on the HK$104 million loan facility ("Loan Facility"), therefore the claims by the Borrower in the legal action are unlikely to succeed. The Borrower filed a notice to appeal against the decision of the court on 13 February 2010 and subsequently to 24 May 2010, the Borrower was compulsorily wound up by the High Court and the liquidator of the Borrower had not made any indication to pursue the above actions.

No further progress is noted for the above litigation case up to date of approval of these consolidated financial statements.

(b) At the end of the reporting period, the Company provided a financial guarantee to a bank for the banking facilities of an aggregate amount of HK$498,097,000 (2013: HK$515,293,000) granted to its subsidiaries. The amount utilised by the subsidiaries amounted to approximately HK$151,097,000 (2013: HK$233,293,000) as at 31 March 2013. The directors of the Company are of the view that such obligation will not cause an outflow of resources embodying economic benefits.

The Company has not recognised any deferred income in respect of the guarantees as the fair value is insignificant and its transaction price was nil. The Company had not recognised any provision in the Company's financial statements as at 31 March 2014 as the directors considered that the probability for the holder of the guarantees to call upon the Company as a result of default in repayment is remote.

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 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 as 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.

Under the code provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Lam Yiu Pang Albert and Mr. Ng Hung Sui Kenneth are independent non-executive directors of the Company were unable to attend the annual general meeting of the Company held on 16 September 2013 as they had other business engagement.

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.

AUDIT COMMITTEE

The Audit Committee was established in March 1999 with specific written terms of reference and comprised of three members, all of them are Independent Non-Executive Directors. The Audit Committee comprises of three members, including Dr. Tse Kwing Chuen, Mr. Ng Hung Sui Kenneth and Mr. Lam Yiu Pang Albert. The chairman of the Audit Committee is Mr. Lam Yiu Pang Albert. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2014.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.mexanhk.com under “Announcement”. The annual report for the year ended 31 March 2014 will be dispatched to the shareholders and published on the above websites in due course.

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.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2014 as set out in this preliminary announcement have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

By Order of the Board

MEXAN LIMITED

Lun Chi Yim

Chairman

Hong Kong, 26 June 2014

As at the date of this announcement, the Executive Directors are Mr. Lun Chi Yim (Chairman), Mr. Lun Yiu Kay Edwin (Managing Director), Ms. Suen Chui Fan 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.